Manitoba Finance

Annual Report
2003 - 2004

Manitoba

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Manitoba Finance

Annual Report 2003 - 2004

Manitoba

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

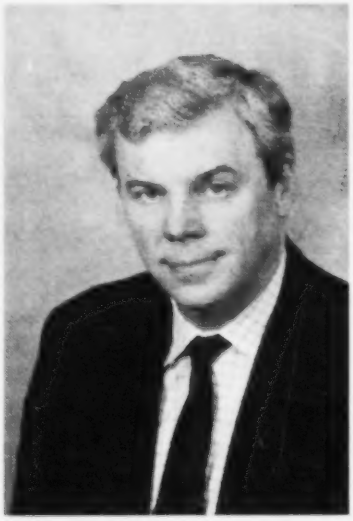
To His Honour
John Harvard
Lieutenant-Governor of Manitoba

May It Please Your Honour:

I have the privilege of presenting, for the information of Your Honour, the Annual Report of Manitoba Finance for the year ended March 31, 2004.

Respectfully submitted,

Honourable Greg Selinger
Minister of Finance



Manitoba

MINISTER OF
FINANCE

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

À son Honneur
L'honorable John Harvard
Lieutenant-gouverneur du Manitoba

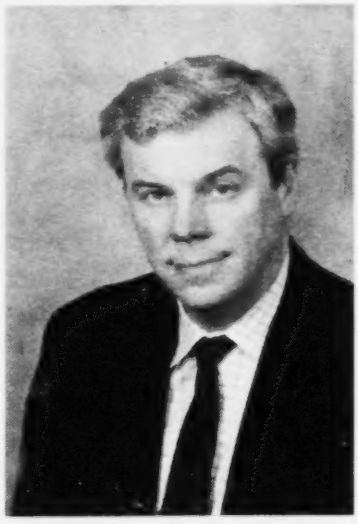
Monsieur le Lieutenant-gouverneur,

J'ai le privilège de présenter à Votre Honneur, à titre d'information, le rapport annuel du ministère des Finances pour l'année financière terminée le 31 mars 2004.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

Le ministre des Finances,

Greg Selinger



Manitoba

Manitoba

Deputy Minister of Finance

Room 109
Legislative Building
Winnipeg, MB R3C 0V8

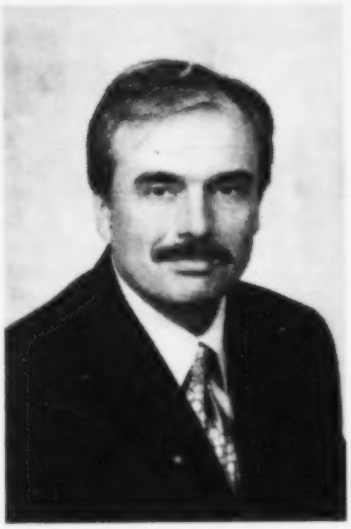
Honourable Greg Selinger
Minister of Finance
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. Selinger:

I have the honour of presenting for your consideration, the Annual Report of Manitoba Finance for the fiscal year ended March 31, 2004.

Respectfully submitted,

Ewald Boschmann
A/Deputy Minister of Finance



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PREFACE/PRÉFACE

The overall responsibilities of the Minister and the department include:

preparing the annual Provincial Budget;

management and control of government expenditures and revenues and the evaluation of government programs;

providing policy direction on matters relating to financial management and administration and ensuring appropriate government-wide management practices and systems;

ensuring accountability for the delivery of government programs;

management and administration of the Consolidated Fund, which includes maintaining the provincial accounting and financial reporting systems, and the preparation of the annual Public Accounts and other reports which show the financial condition of the government;

managing daily cash requirements, the public debt, the investment of public money, and of loans and advances made, and guarantees given, by the government;

analysing and appraising the economic situation and prospects in Manitoba in co-operation with other ministries as appropriate;

advising on fiscal and other economic policies and measures including taxation;

advising on policies relating to Federal-Provincial fiscal and economic relations;

representing the province in negotiations and participating in meetings related to finance, taxation and economic development;

managing the province's financial assets and liabilities;

insuring government assets and managing risk; and

Les responsabilités globales du ministre et du ministère consistent à :

préparer le budget annuel provincial;

gérer et contrôler les dépenses et les recettes du gouvernement et évaluer les programmes gouvernementaux;

établir des directives en matière de gestion et d'administration financière et garantir des pratiques et des mécanismes de gestion appropriés pour l'ensemble du gouvernement;

garantir l'obligation de rendre compte en ce qui concerne la mise en œuvre des programmes gouvernementaux;

gérer et administrer le Trésor, ce qui signifie notamment : maintenir les systèmes de comptabilité et de rapport de la province, préparer les comptes publics annuels et les autres rapports qui montrent la situation financière du gouvernement;

gérer les besoins quotidiens de trésorerie, la dette publique, l'investissement de l'argent public, ainsi que les prêts, les avances et les garanties offerts par le gouvernement;

analyser et évaluer la situation économique et les perspectives du Manitoba en collaboration avec les autres ministères, lorsqu'il y a lieu;

donner des conseils sur les politiques et mesures fiscales et économiques, y compris les taxes;

donner des conseils sur les politiques concernant les relations fiscales et économiques entre le fédéral et la province;

représenter la province lors des négociations et participer aux réunions portant sur les finances, les taxes et le développement économique;

gérer l'actif et le passif de la province;

garantir l'actif du gouvernement et gérer les risques;

fostering business and consumer confidence in the marketplace and administering a regulatory framework that contributes to a competitive Manitoba economy.

favoriser la confiance des entreprises et des consommateurs envers le marché et administrer un cadre législatif qui contribue à la compétitivité de l'économie manitobaine.

Through its efforts, the department manages strategic, financial and operational risks at a corporate level so that the value government obtains for money expended, and for revenues owing and received, is optimized.

Grâce à ses efforts, le ministère gère les risques stratégiques, financiers et d'exploitation au niveau de l'organisation, de façon à obtenir le meilleur rendement possible des dépenses effectuées par le gouvernement et des revenus qu'il possède et perçoit.

The departmental organization structure appears in the chart on page 16. The department is comprised of six operating divisions, as well as the French Language Services Secretariat and the Treasury Board Secretariat.

La structure de l'organisation du ministère est représentée dans un graphique en page 16. Le ministère est constitué de six divisions opérationnelles, auxquelles il faut ajouter le Secrétariat des services en langue française et le Secrétariat du Conseil du Trésor.

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. The Executive Support area of the division includes the Deputy Minister of Finance and provides advice to the Minister on all policy and program matters related to the department. Executive Support also co-ordinates and administers the activities of the department to meet the policy objectives of government.

La Division de l'administration et des finances s'occupe de la haute administration ainsi que de la planification et de la gestion des politiques et des programmes du ministère. Le cabinet du ministre et le bureau du sous-ministre conseillent le ministre sur toutes les politiques et tous les programmes liés au ministère. De plus, le cabinet du ministre et le bureau du sous-ministre coordonnent et administrent les activités mises en œuvre par le ministère afin d'atteindre les objectifs du gouvernement en matière de politiques.

The division also co-ordinates the department's financial, administrative and human resource functions and includes the Tax Appeal Commission and the Insurance and Risk Management Branch. The Insurance and Risk Management Branch provides centralized insurance and risk management services to government departments and agencies, including most Crown corporations.

La Division gère les ressources humaines du ministère et coordonne ses fonctions financières et administratives. Elle regroupe aussi la Commission d'appel des impôts et des taxes ainsi que la Direction de l'assurance et de la gestion des risques. Cette dernière fournit des services centralisés d'assurance et de gestion des risques aux organismes et ministères gouvernementaux, y compris la plupart des sociétés de la Couronne.

The French Language Services (FLS) Secretariat advises the government, and the Minister responsible for French Language Services in particular, on the development of government services in the French language, and on matters relating to the FLS policy in general.

Le Secrétariat des services en langue française (SLF) conseille le gouvernement, en particulier le ministre responsable des services en langue française, au sujet de l'élaboration et de la mise en œuvre des services gouvernementaux en français, ainsi que sur toutes les questions liées à la politique des services en langue française en général.

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division also assists in the financing of municipalities, schools and hospitals and ensures that such financing is arranged.

La Division de la trésorerie gère et administre les ressources de trésorerie, les programmes d'emprunt, les investissements et le service de la dette du gouvernement. Elle gère et administre également les programmes d'emprunt et les investissements des sociétés de la Couronne et des organismes gouvernementaux. La Division de la trésorerie participe au financement des municipalités, des écoles et des hôpitaux, et elle s'assure que les modalités de ce financement sont déterminées.

The Comptroller Division is responsible for establishing and fostering a corporate comptrollership function across government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements.

The Taxation Division is responsible for efficiently and effectively administering the Provincial Taxation Acts and ensuring proper revenues are collected as provided in the Acts. This includes the administration, collection, processing and reporting of taxation revenues, as well as the provision of tax expertise to government, businesses collecting taxes and taxpayers. The division also investigates and audits taxpayers to ensure compliance.

The Federal-Provincial Relations and Research Division provides research and technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations. The division also administers fiscal arrangements and tax collection agreements with the federal government, administers tax credit programs with the federal government and municipalities, and provides government-wide analytical support to inter-departmental working groups.

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities and provides representation of government and department management in all labour relations and compensation activities within the civil service. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, regulates utilities and maintains registries of vital events and of interests in land and personal property.

La Division du contrôleur est chargée d'établir et de développer une fonction de contrôle pour l'ensemble du gouvernement. Celle-ci inclut l'élaboration et la mise en œuvre de systèmes financiers et de gestion qui apportent un soutien en ce qui concerne la prise de décision aux niveaux législatif et gouvernemental, l'efficacité de la prestation des services et les exigences liées à l'obligation de rendre compte. La Division est chargée d'établir et de contrôler les systèmes de débours pour payer les employés et les autres prestataires des fonds gouvernementaux.

La Division des taxes est chargée de mettre en application de façon complète et efficace des lois provinciales sur les taxes et les impôts, et de faire en sorte que les recettes prévues soient perçues conformément aux dispositions des lois. Cela inclut l'administration, la perception, le traitement et la communication des recettes fiscales, ainsi que des conseils prodigués au gouvernement, aux entreprises qui perçoivent des taxes et aux contribuables. La Division effectue aussi des enquêtes et des vérifications auprès des contribuables pour s'assurer que les lois fiscales sont bien respectées.

La Division des relations fédérales-provinciales et de la recherche apporte une aide en terme de recherche, de technique et d'analyse sur les questions économiques et fiscales (tant nationales que provinciales) et sur les relations intergouvernementales de nature financière. La Division veille à l'application des arrangements fiscaux et des ententes de perception fiscale avec le gouvernement fédéral. Elle administre les programmes de crédits d'impôts avec le gouvernement fédéral et les municipalités. Elle aide aussi les groupes de travail interministériels dans le domaine de l'analyse, pour l'ensemble du gouvernement.

Le Secrétariat du Conseil du Trésor apporte au ministre des Finances et au Conseil du Trésor de l'aide et des conseils en matière de finances et d'analyse, leur permettant ainsi d'exercer leurs responsabilités dans la gestion des dépenses. Le Secrétariat agit en tant que représentant du gouvernement et du ministère dans toutes les relations de travail et toutes les activités de compensation au sein de la fonction publique. L'organisme est placé sous la responsabilité d'un sous-ministre qui agit à titre de secrétaire du Conseil du Trésor.

La Division de la consommation et des corporations facilite la résolution des conflits entre consommateurs et entreprises, ainsi qu'entre locataires et locateurs. La Division veille également à l'application des lois et des règlements qui touchent les aspects suivants: la constitution en corporation et l'enregistrement des entreprises; la délivrance de permis aux corporations de fiducie, aux corporations de prêt, aux credit unions et aux

The divisional text of this report is formatted along the same lines as the appropriation structure for the department that is used in the Estimates of Expenditure of the Province of Manitoba. This formatting will assist with cross-referencing the two documents. Exceptions to this format have been made for the Insurance and Risk Management branch, Net Tax Credit Payments and Public Debt. These areas have been included within the divisions responsible for their administration.

The department also encompasses the Vital Statistics Agency, Manitoba Securities Commission, The Property Registry and the Companies Office. These Special Operating Agencies prepare and present their own annual reports and are not included in this document.

caisses populaires; la délivrance de permis aux compagnies et aux particuliers qui vendent des valeurs mobilières, des biens immobiliers ou des contrats d'assurance, ou qui s'occupent de réunir des fonds; la réglementation relative aux services publics. La Division maintient des registres d'état civil et les registres des droits sur des biens réels et personnels.

La division du texte de ce rapport reflète la structure des crédits du ministère utilisée dans le Budget des dépenses du Manitoba. Ce formatage facilite la recherche croisée entre les deux documents. Seuls le paiement net des crédits d'impôt, la Direction de l'assurance et de la gestion des risques, et la dette publique sont formatés autrement. Ces secteurs ont été inclus à l'intérieur des divisions chargées de leur administration.

Le ministère englobe également le Bureau de l'état civil, la Commission des valeurs mobilières du Manitoba, l'Office d'enregistrement des titres et des instruments et l'Office des compagnies. Ces organismes de service spécial préparent et présentent leurs propres rapports annuels et ne sont pas compris dans le présent document.

STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Balanced Budget, Debt Repayment and Taxpayer Accountability Act	B 5
The Business Names Registration Act	B 110
The Business Practices Act	B120
The Cemeteries Act	C 30
The Title to Certain Lands Act (R.S.M. 1990, c. 259)	-
The Change of Name Act	C 50
The Charities Endorsement Act	C 60
The Commodity Futures Act	C 152
The Condominium Act	C 170
The Consumer Protection Act	C 200
The Cooperatives Act	C 223
The Corporations Act	C 225
The Corporation Capital Tax Act	C 226
The Credit Unions and Caisses Populaires Act	C 301
The Crown Corporations Public Review and Accountability Act	C 336
The Electronic Commerce and Information Act (Part 5)	E 55
The Embalmers and Funeral Directors Act	E 70
The Energy Rate Stabilization Act	E 115
The Manitoba Evidence Act (Parts II and III)	E 150
The Financial Administration Act	F 55
The Fire Insurance Reserve Fund Act	F 70
The Fiscal Stabilization Fund Act	F 85
The Manitoba Foundation Act	F 155
The Prearranged Funeral Services Act	F 200
The Gasoline Tax Act	G 40
The Health and Post Secondary Education Tax Levy Act	H 24
The Professional Home Economists Act	H 70
The Hospital Capital Financing Authority Act	H 125
The Housing and Renewal Corporation Act [clause 44(k)]	H 160
The Hudson's Bay Company Land Register Act	H 170
The Income Tax Act (except sections 7.5 to 7.10)	I 10
The Insurance Act	I 40
The Insurance Corporations Tax Act	I 50
The Manitoba Investment Pool Authority Act	I 100
The Landlord and Tenant Act	L 70
The Life Leases Act	L 130
The Marriage Act	M 50
The Manitoba Hydro Act	H 190
The Mining Claim Tax Act	M 165
The Mining Tax Act	M 195
The Mortgage Act (Part II!)	M 200
The Mortgage Dealers Act	M 210
The Motive Fuel Tax Act	M 220

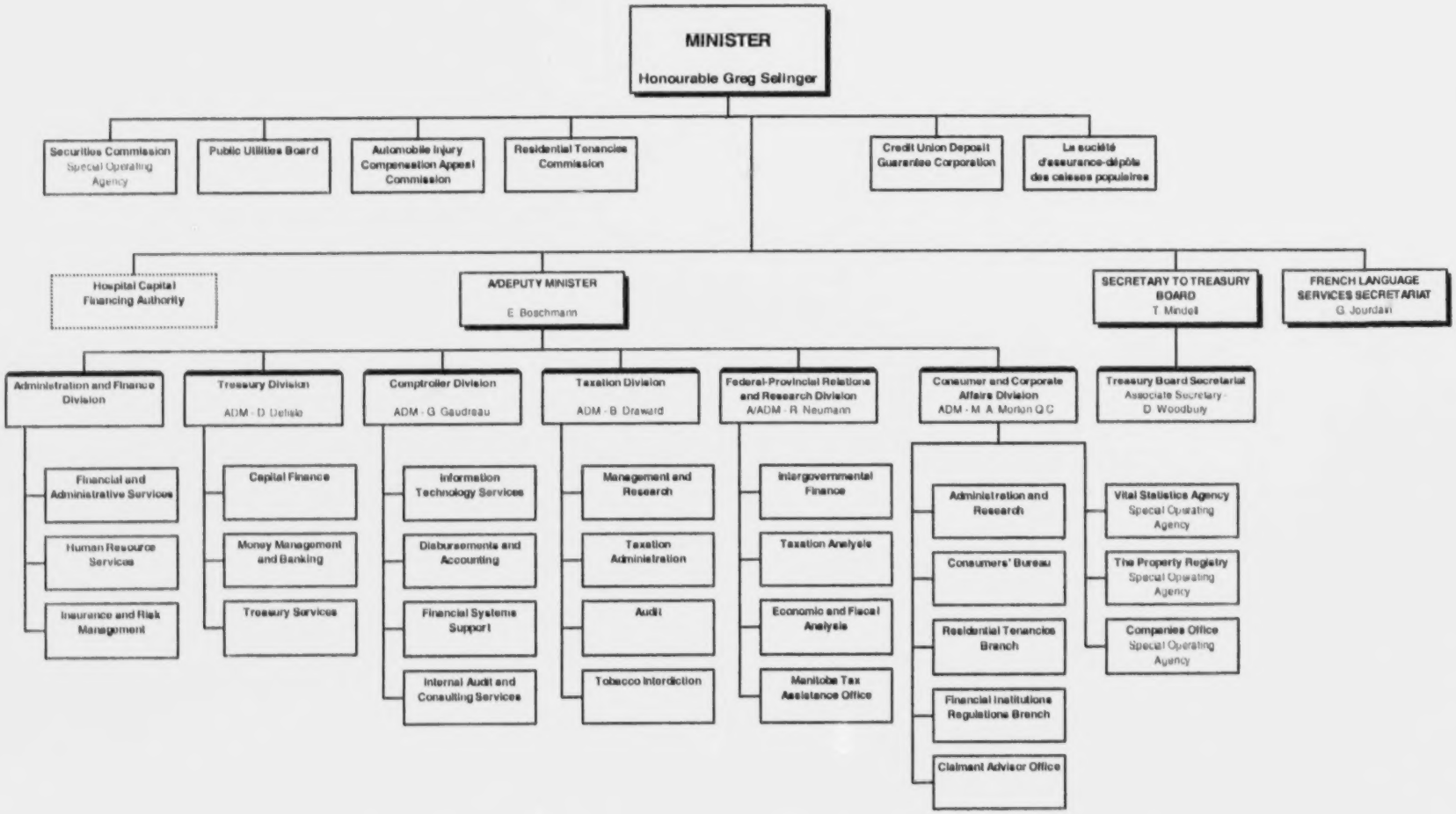
STATUTORY RESPONSIBILITIES OF THE MINISTER OF FINANCE

	Continuing Consolidation Chapter
The Pari-Mutuel Levy Act	P12
The Partnership Act	P 30
The Personal Investigations Act	P 34
The Personal Property Security Act	P 35
The Property Tax and Insulation Assistance Act (Parts I to IV and Part V.1, and section 1 and Part VI as they relate to subjects covered under Parts I to IV and Part V.1)	P 143
The Public Officers Act	P 230
The Public Utilities Board Act	P 280
The Public Sector Compensation Disclosure Act (S.M. 1996, c. 60)	P 265
The Real Estate Brokers Act	R 20
The Real Property Act	R 30
The Registry Act	R 50
The Religious Societies' Lands Act	R 70
The Residential Tenancies Act	R 119
The Retail Sales Tax Act	R 130
The Revenue Act	R 150
The Succession Duty Act (S.M. 1988-89, c. 42)	-
The Securities Act	S 50
The Special Survey Act	S 190
The Suitors' Moneys Act	S 220
The Surveys Act (Part I)	S 240
The Tax Appeals Commission Act	T 3
The Provincial - Municipal Tax Sharing Act	T 5
The Tobacco Tax Act	T 80
The Trade Practices Inquiry Act	T 110
The Vital Statistics Act	V 60

and:

Bedding, Upholstered and Stuffed Articles Regulation (Manitoba Regulation 333/88R) under The Public Health Act

Manitoba Finance
Organization Chart



ADMINISTRATION AND FINANCE DIVISION

The Administration and Finance Division provides executive administration, planning and management of departmental policies and programs. It includes support services and centralized co-ordination of financial, administrative and human resource functions as well as the Tax Appeal Commission and the Insurance and Risk Management program.

Executive Support

The office of the Minister provides additional compensation to which individuals appointed to the Executive Council are entitled.

The Executive Support unit provides advice to the Minister on all policy and program matters related to the department, co-ordinates and administers the activities of the department to meet government policy objectives and provides administrative support for the Offices of the Minister and Deputy Minister.

1 (a) Minister's Salary

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Minister's Salary	28.8	1.00	29.0	(0.2)	
Total Sub-Appropriation	**28.8**	**1.00**	**29.0**	**(0.2)**	

1 (b) Executive Support

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	406.7	7.00	434.6	(27.9)	
Other Expenditures	90.8		84.7	6.1	
Total Sub-Appropriation	**497.5**	**7.00**	**519.3**	**(21.8)**	

Financial and Administrative Services

The Financial and Administrative Services branch is responsible for ensuring appropriate management of and accountability for the department's resources. This encompasses the development and implementation of departmental financial and administrative policies, processes and practices; ensuring compliance with government legislation, policies and procedures; providing accounting and administrative services to the department; and providing analytical and consultative support services to the department's operating divisions.

Branch activities encompass planning, organizing and evaluating departmental accounting and financial management activities related to financial reporting, expenditure and revenue processing and appropriation control. Specific activities include co-ordinating and supporting the development of the department's annual estimates, quarterly financial forecasts and reports, requests for office accommodation, telecommunication services and government vehicles. In addition, the branch co-ordinates the department's records management program including all matters pertaining to the *Freedom of Information and Protection of Privacy Act* and administers the department's parking program.

1 (c) Financial and Administrative Services

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	282.5	6.00	329.7	(47.2)	
Other Expenditures	66.3		69.6	(3.3)	
Total Sub-Appropriation	**348.8**	**6.00**	**399.3**	**(50.5)**	

Tax Appeals Commission

The *Tax Appeals Commission Act* provides for the appointment of one or more commissioners for the purpose of dealing with notices of objection filed by taxpayers who disagree with assessments under *The Retail Sales Tax Act, The Corporation Capital Tax Act, The Mining Tax Act* and *The Health and Post Secondary Education Tax Levy Act.* The Tax Appeals Commission provides taxpayers with an objective review of the taxpayer's appeal, independent of the taxation officials who issued the assessment.

The activity of the commission and results for 2003/2004 are as follows:

Outstanding appeals, March 31, 2003	17
Appeals received in 2003/2004	19
	36
Appeals resolved in 2003/2004	
Partially Denied	1
Denied	8
Referred	1
Late – Not Accepted	1
Withdrawn	1
	12
Outstanding appeals, March 31, 2004	24

1 (d) Tax Appeals Commission

Expenditures by Sub-Appropriation	Actual 2003-2004	Estimate 2003-2004		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Tax Appeals Commission	18.5		19.0	(0.5)	
Total Sub-Appropriation	**18.5**		**19.0**	**(0.5)**	

Human Resource Services

The branch provides human resource services to departmental management and staff of the Departments of Finance and its Special Operating Agencies (SOAs), Culture Heritage and Tourism, Energy Science and Technology, Industry, Economic Development and Mines and the Office of the Auditor General in accordance with *The Civil Service Act*, Manitoba Government Employees' Union (MGEU) Master Agreement, Manitoba Labour Laws and Workplace Health and Safety Legislation. These services include staffing, employment equity, job analysis and classification, employee counselling, labour relations, and pay and benefits administration. The departments also share resources for the branch management, training and development, renewal planning and occupational health and safety and employment equity program development.

Specific activities of Human Resource Services during 2003/2004 that related to Manitoba Finance included:

Employment Equity

The branch continues to co-ordinate the implementation of government-wide policies and initiatives.

Four designated groups have been identified as under-represented and include women in non-traditional occupations, Aboriginal people, people with disabilities and visible minorities. The long-range goal is to have the Manitoba Civil Service reflect the target groups' percentage representation in the general population in all job classifications, taking into account relevant labour force data.

The Employment Equity Committee has developed a strategic plan to help the department meet these goals.

Employment Equity Statistics as at Fiscal Year End

	2000/2001 Actual (%)	2001/2002 Actual (%)	2002/2003 Actual (%)	2003/2004 Actual (%)
Aboriginal	2.6	2.4	2.9	3.5
Women	53.5	56.2	59.5	59.3
Persons with Disability	3.1	3.1	3.2	2.7
Visible Minority	6.0	6.5	5.6	5.4

Payroll and Benefits

During the course of the year, the branch maintained payroll records for 929 employees and board members. Maintained comprehensive attendance and payroll information on the corporate human resource/payroll system (SAP). Provided counselling and information on 33 retirements, 2 death benefits, 5 long term disability claims and I lay-off to employees and their family members.

Recruitment and Selection

Fifty-three competitions were held to fill 59 regular, 2 temporary, and 1 acting status vacancy. Sixteen positions were filled through various direct appointments.

The Financial Management Development Program (FMDP), co-sponsored by the Civil Service Commission and Manitoba Finance, is a three-year internship program for recent university/diploma graduates eligible to enroll in the Certified General Accountants (CGA) or Certified Management Accountants (CMA) program of professional studies. FMDP combines on-the-job training, classroom instruction and one-on-one coaching, along with challenging job placements in a variety of public sector work settings. The program began as a recruitment initiative to address the vacancy rates for key financial management and audit positions in government. Upon completion of the program, interns will be eligible to successfully compete for financial management career opportunities in the civil service. Three interns commenced employment with the program in September 2003.

Position Classification

Prepared detailed classification analysis on 27 reclassification requests under delegated and non-delegated authority.

Labour Relations

Consulted with departmental management/supervisory personnel, employees and the MGEU in the resolution of numerous labour relations' issues, which included the filing of 3 formal grievances.

Staff and Organizational Development

Staff Development: Approximately 277 staff of Manitoba Finance attended learning sessions facilitated through the branch. The 18.5 days of staff development covered topics ranging from Leadership, Performance Management, Competency Based Management and Facilitating Change.

Organizational Development: The branch continues to provide consultation and facilitation in the areas of organizational analysis, human resource planning and performance coaching.

Occupational Health and Safety

Formulated Workers' Compensation statistics for distribution to various branches within the department, which reported 3 accident/injury claims of which all 3 accounted for no lost work days.

1 (f) Human Resource Services

Expenditures by Sub-Appropriation	Actual 2003-2004	Estimate 2003-2004		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	478.9	9.00	492.6	(13.7)	
Other Expenditures	57.1		139.3	(82.2)	1
Total Sub-Appropriation	**536.0**	**9.00**	**631.9**	**(95.9)**	

1. *Under expenditure is due to a rationization of general operating expenditures.*

Insurance and Risk Management

The Insurance and Risk Management branch serves a centralized government function providing Insurance and Risk Management services to Manitoba's departments and agencies, including most Crown corporations.

Risk Management services can be defined as tasks that involve the application of risk identification, risk evaluation, risk control, risk transfer and risk financing principles. Specific tasks include reviewing risk management policy, promoting and attending risk control meetings, performing loss prevention inspections, reviewing contracts for effective risk transfer, establishing and maintaining commercial and self-insurance programs, managing claims, and evaluating and presenting risk reduction opportunities to agency and department management.

The goal of Risk Management branch is to enhance the ability of Manitoba's departments and agencies to operate facilities, provide services and deliver programs to the public within planned budgets, with a minimum of disruption and unexpected cost from unforeseen loss.

Risk Identification and Evaluation

The Insurance and Risk Management branch worked with departments, agencies and Crown corporations to identify and assess risk exposures associated with their activities.

Several new government entities, which the branch assisted, included Water Stewardship, General Child and Family Services Authority, Manitoba Floodway Expansion Authority and the re-integrated Winnipeg Child and Family Services branch.

Risk Control

Loss control personnel from Manitoba's Insurance Consortium carried out site inspections during the 2003/2004 fiscal year, and reports were provided to appropriate departments.

Risk Transfer

The Insurance and Risk Management branch reviewed contracts for insurance, bonding and indemnity provisions, working with client departments and agencies and Civil Legal Services to promote appropriate transfer of risk in government contracts.

The branch assisted departments and agencies in obtaining proper "Proof of Insurance" from third party contractors and suppliers and it provided Certificates of Insurance to third parties on behalf of Manitoba departments and agencies.

Risk Financing

The Insurance and Risk Management branch administers insurance purchasing on behalf of government departments and agencies, involving approximately 30 insurance and self-insurance programs. The branch also conducts insurance surveys and examines alternative risk financing options on behalf of departments and agencies.

Generally, costs for Manitoba's property and casualty insurance continued to rise in 2003/2004, while increased deductibles and new exclusions for abuse, molestation and sports participation reduced coverage provided under insurance contracts.

Insurance premiums paid by departments and agencies during 2003/2004 fiscal year were $4.68 million including brokerage fees. This represented an increase of 19 % over the previous year. Cost increases were primarily due to higher costs for property and general liability insurance.

Agencies Self-Insurance Fund

This fund reduces the deductible under Manitoba's blanket property and general liability insurance policies for government agencies. The fund also insures student laptops against damage under the Red River College laptop program.

During the 2003/2004 fiscal year, the self-insurance fund collected $3.5 million in premiums from agencies, an increase of 7% from the previous year. Claim payments from the fund were approximately $687,900 and estimated claim costs for newly reported claims were $3.4 million for property and $354,313 for liability. Taking deductibles and commercial insurance payments into account, reserves for expected payments for claims incurred during 2003/2004 were $2.2 million.

Claims Administration

Department Property Claims

In the 2003/2004 fiscal year, 233 incidents involving damage to government department property, at an estimated cost of $806,182 were reported to this branch. There was a 61% decrease in the quantum of total reported damage compared to 2002/2003.

Department Liability Claims

There were 191 new liability incidents reported in 2003/2004 with initial reserves totalling $461,872. This represented an 8.6% decrease in the number of reported incidents, with an increase of 192% in the total liability reserves from the previous year attributed to overall higher reserves rather than a few large claims.

Department Adjusting Costs

Adjusting costs for department claims decreased by 34% to $22,791 in the 2003/2004 fiscal year. The number of liability claims closed during 2003/2004 increased to 68 from 47 in the previous fiscal year.

Agency Property Claims

In the 2003/2004 fiscal year, there were 303 incidents involving damage to government agency property, at an estimated cost of $3,402,463. This involved a 25.2% increase in the number of reported incidents. The quantum of reported damage increased by 23.4%. There were two large losses this year reserved at $500,000 each. There is no opportunity to recover from another party on either of these losses. Last year's report also included a large fire loss reserved at $1,200,000, we are continuing to pursue subrogation on this claim.

Agency Liability Claims

During this same period, 270 new liability incidents were reported with initial reserves totalling $354,313. This represented a slight increase in the frequency of reported incidents, and an increase of approximately 26.4% in the total reserves.

Agency Adjusting Costs

Adjusting costs of $131,558 for agency claims were comparable to the 2002/2003 fiscal year. Overall, there has been an increase in property and liability claims in the last year both in the frequency and severity of the claims.

Intentional Damage Compensation Plan

Branch personnel monitored the administration of the Foster Parents Intentional Damage Compensation Plan for Manitoba Family Services and Housing.

A total of 156 claims were settled in 2003/2004 at a total cost of $136,077 plus administrative costs of $20,088. This represented minimal changes in claim frequency and claim settlement costs and a 20% increase in claim administration costs.

6 Insurance and Risk Management

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	349.4	5.20	352.2	(2.8)	
Other Expenditures	47.5		58.5	(11.0)	
Insurance Premiums	2,387.8		2,522.0	(134.2)	
Less: Recoverable from Other Appropriations	(2,387.8)		(2,522.0)	134.2	
Total Sub-Appropriation	**396.9**	**5.20**	**410.7**	**(13.8)**	

French Language Services Secretariat

The French Language Services (FLS) Secretariat advises the Government of Manitoba, and the Minister responsible for French Language Services in particular, on the development of government services in the French language and on matters relating to the FLS policy in general.

The FLS Secretariat guides, monitors, seeks and facilitates the implementation of the Government of Manitoba's FLS policy in a manner consistent with the concept of *active offer* and makes recommendations to that effect. The Secretariat's mandate applies to all administrative bodies covered by the FLS policy.

The FLS Secretariat provides assistance and direction to the administrative bodies covered by the Government of Manitoba's FLS policy and serves as a liaison between the government and Francophone organizations in the province.

During 2003/2004, the FLS Secretariat and its team of facilitators:

- Co-ordinated, for Manitoba, the inclusion of projects to be funded in 2003/2004 under the Canada-Manitoba General Agreement on the Promotion of Official Languages, a cost sharing agreement with the federal government.
- Co-ordinated, for Manitoba, the inclusion of projects to be funded in 2003/2004 under the Agreement for Co-operation and Exchange between the Governments of Québec and Manitoba.
- Co-ordinated the inclusion of a student exchange pilot project and funded an exchange between community radio stations as part of the Memorandum of Understanding (MOU) on Interprovincial Co-operation between the Governments of Manitoba and New Brunswick.
- Received a delegation from Alsace, France in June 2003 to pursue activities of co-operation flowing from the MOU on Co-operation between the Département du Bas-Rhin and the Province of Manitoba.
- Co-ordinated publicity campaigns specific to every Bilingual Service Centre (BSC) with the publication of brochures, flyers and posters as well as the organization of outreach activities in the different communities. Finalized exterior signage and adjusted physical accommodations in all three BSCs. Continued the development of the call-tracker system.
- Had a survey conducted independently to evaluate client satisfaction in the BSCs. Reviewed existing services and identified adjustments to be done in every BSC and identified potential provincial partners for the next three BSCs.
- Continued the planning process for implementation of pilot projects in St. Boniface and St. Pierre-Jolys for the delivery, in both English and French, of a full range of services pertaining to the administration of justice. Priority was given to the establishment of the circuit court accompanied by a full time generalist position in St. Pierre-Jolys. Participated in the advisory committee established to deal with matters relating to the delivery of RCMP services in both official languages.
- Provided guidance and assistance to administrative bodies and pursued the review and/or development of FLS plans. Acted as a resource for the *Communauté en Santé* Board for the co-ordination of policy regarding French language health services. Chaired the Advisory Committee on French Language Social Services for the development of FLS plans of designated social services agencies and other related issues.
- Created and chaired the Recruitment and Retention of Bilingual Manitoba Government Employees Committee to address the challenges surrounding this area of activity. Launched the partnership committee on the Economic Development of Francophones in Manitoba. Chaired and provided logistical support for advisory committees/working groups on FLS in the areas of Justice and Tourism Development.
- Participated in national meetings of senior officials on French language services. Hosted, under the chairmanship of the Honourable Greg Selinger, Minister responsible for FLS, the Ministerial Conference on Francophone Affairs, in Winnipeg on September 18 and 19, 2003.
- Co-ordinated 171 registrations for French language training from government employees in designated positions and offices, including a training opportunity in Brandon and the upgrading of skills via the Internet.

- Organized FLS forums/meetings with representatives of government departments and the Franco-Manitoban community to share information and ideas on specific issues and to prepare recommendations or develop solutions and strategies.
- Dealt with 21 complaints as well as various issues raised by the public regarding FLS.
- Produced the *Report on French Language Services 2002/2003*.

1 (e) French Language Services Secretariat

Expenditures by Sub-Appropriation	Actual 2003-2004	Estimate 2003-2004		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	533.7	10.00	524.8	8.9	
Other Expenditures	386.7		485.2	(98.5)	1
Total Sub-Appropriation	**920.4**	**10.00**	**1,010.0**	**(89.6)**	

1. *Under expenditure results from operating cost reductions as well as ongoing costs associated with the three Bilingual Service Centres.*

TREASURY DIVISION

The Treasury Division manages and administers the cash resources, borrowing programs, and all investment and debt management activities of the government. It further manages the borrowing programs and investment activities for all of its Crown corporations and government agencies. The Treasury Division assists in the financing of municipalities, schools and hospitals and it is the division's responsibility to ensure that such financing is arranged.

Major changes are continually taking place in the world's economic and financial markets. These changes have a significant impact on both short and long-term management strategies, as well as the day-to-day decisions made by Treasury Division staff.

The division maintains contact with a large number of domestic and foreign financial institutions as well as regulatory and rating agencies to inform them of the fiscal and economic performance of the province and its policies while at the same time obtaining information about the state of world financial markets and financial products and opportunities available to the province

To more effectively deal with technological and financial market complexities and risks, the division operates the following committees:

The Capital Markets Committee

- Meets weekly to review world capital markets, investment, risk management and foreign currency markets and ensures that Treasury management and professional staff are conversant with current events and expectations respecting these markets.
- Determines appropriate investment, borrowing and risk management strategies.

The Credit Committee

- Regularly reviews the financial status and exposure to individual financial institutions, establishes approved lists of financial counterparties as well as limits for exposure to individual financial institutions, reviews documentation standards for financial agreements, and assesses the risk related to investment classes and transactions.

The Information Technology Planning Committee

- Assesses the technological needs of the Treasury Division, and recommends appropriate actions to ensure that technological advances can be applied to improving Treasury Division effectiveness and productivity.
- Monitors the continuing progress of the division's Treasury Management System upgrade.

The Executive Management Committee

- Meets monthly to discuss matters relating to personnel, operations, planning, budgeting, credit, information technology, legislation and administrative matters so as to maximize the use of all resources provided to the Treasury Division, prioritize activities and ensure effective and efficient delivery of treasury services.

Administration

The Administration function has been allocated two staff positions for the performance of the following functions:

- General management of the Treasury Division;
- Advises Minister and Deputy Minister on all policy and program matters of a financial nature;
- Contact with the world financial community;
- Provision of management and financial advisory services to government departments, agencies and investment funds; and

- Reviews policies, legislation and regulations, and recommends changes where necessary to achieve objectives.

2 (a) Administration

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	111.1	2.00	108.1	3.0	
Other Expenditures	113.4		102.6	10.8	
Total Sub-Appropriation	**224.5**	**2.00**	**210.7**	**13.8**	

Capital Finance

The Capital Finance branch of the Treasury Division has allocated positions for the performance of the following major functions:

- Managing the long-term borrowing programs of the government, Crown corporations, government agencies and other loan programs;
- Developing and maintains the debt management program of the government;
- Administering provincial investment in, and advances to, Crown corporations, government agencies and other loan programs;
- Establish strategies and manage sinking funds and other long-term investment accounts of the province, Crown corporations and government agencies aggregating approximately $6.4 billion; and
- Advising Crown corporations, government agencies and managers of loan programs regarding policies and procedures related to capital financing.

Borrowing

The borrowing program of the government, its Crown corporations and government agencies aggregated $2,833 million in 2003/2004. This included $1,397 million for refinancing maturing debt issues with the balance required for sinking funds and self-sustaining programs, including Manitoba Hydro. The aggregate amount of the Province of Manitoba's direct and guaranteed debt, net of sinking funds, outstanding at March 31, 2004 using March 31, 2004 foreign exchange rates for conversion of foreign issues, was $14.97 billion ($14.55 billion at March 31, 2003) of which $6.32 billion ($6.36 billion at March 31, 2003) was for general government programs.

The branch is responsible for meeting the ongoing reporting and filing requirements of all markets in which the government has borrowed money. Three major reports and filing documents were prepared for regulatory agencies in Japan, Europe and the United States.

The branch also co-ordinated presentations to the major North American rating agencies which evaluate the creditworthiness of the province.

Debt Management

The Capital Finance branch actively monitors global capital markets and manages the province's outstanding debt through the use of hedging techniques such as currency exchange agreements, floating and fixed interest rate swaps, forward rate agreements and various option structures.

At March 31, 2004, 18% of direct debt, excluding debt for which Manitoba Hydro is responsible, was floating rate (18% at March 31, 2003) and 100% was payable in Canadian dollars (97% at March 31, 2003).

Long-Term Investments

Loans and Equity Investments

The Capital Finance branch administers the government's non-budgetary investment activities through advances to and/or equity investments in various Crown corporations, government agencies and loan programs. During 2003/2004, $1,278.9 million was invested and $576.8 million of principal was repaid. At March 31, 2004 the aggregate amount of advances and equity investments outstanding was $8.1 billion.

Sinking Funds and Other Long-Term Investments

Sinking funds and other long-term investments of the Province of Manitoba, its Crown corporations and government agencies are managed by the Capital Finance branch. At March 31, 2004, sinking funds related to the direct and guaranteed debt of the province amounted to $5.0 billion, down 13.8% from $5.8 billion at March 31, 2003. The branch also manages the long-term investments for Manitoba Public Insurance Corporation which totalled $1.3 billion at February 27, 2004. The Capital Finance branch determines the cash flows of these funds for investment purposes.

Other Responsibilities

The Capital Finance branch also acts in an advisory capacity to Crown corporations and government agencies and makes recommendations respecting each organization's policies and procedures relating to the financing of their programs. All existing and proposed legislation of a financial nature is reviewed to ensure that the objectives of the Crown corporation or government agency are met and that there is legislative consistency among the various entities.

The branch is responsible for operating the Manitoba Hospital Capital Financing Authority, which assists operators of hospitals to finance their capital expenditures and for funding Health facilities directly.

The branch managed the seventh Manitoba Builder Bond campaign which raised $315 million.

2 (b) Capital Finance

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	313.4	5.00	301.7	11.7	
Other Expenditures	30.8		33.4	(2.6)	
Total Sub-Appropriation	**344.2**	**5.00**	**335.1**	**9.1**	

Money Management and Banking

The Money Management and Banking branch of the Treasury Division has allocated positions for the performance of the following major functions:

- Managing the government's monetary resources;
- Managing the short term investment and borrowing programs for the government;
- Administering trust money deposited with the Minister of Finance by Crown corporations, agencies and departments; and
- Managing the banking operations of the government.

Money Management

The branch prepares cash flow forecasts detailing the government's anticipated daily receipts and disbursements, including its trust administration activities. Management of daily bank balances and timing of long-term borrowing is determined as a result of these cash flow forecasts.

During 2003/2004, the Money Management program was involved in managing the cash flow for over $15 billion of transactions processed through the accounts of the government.

Short-Term Investment and Borrowing

Monitoring and management of the government's cash flow during 2003/2004 resulted in the branch arranging over 1,000 short-term money market transactions aggregating approximately $30 billion of investment purchases and $1.8 billion of investment sales. The branch also arranged for the issue of $643 million of promissory notes to finance temporary shortfalls resulting from differences in the timing of government payments and receipts. Interest earned on the short-term investments amounted to approximately $33.5 million while interest paid on the promissory notes issued was approximately $1.6 million. The branch monitored the credit status of approximately 40 approved financial institutions and maintained appropriate exposure limits for each, recommending changes where necessary to manage risk.

Trust Administration

Over 140 departments, agencies and Crown corporations deposit surplus funds with the Minister of Finance in interest-bearing trust deposits. These trust funds averaged approximately $1.0 billion in 2003/2004. Approximately 3,000 trust deposit receipts were issued in 2003/2004 and 3,800 payments processed by the branch in respect to these deposits. Interest paid on these trust accounts in 2003/2004 was in excess of $35.3 million.

Banking Operations

The branch advises and establishes procedures regarding the use of banking services and depositing for other departments and some agencies and evaluates requests for new bank accounts and changes to existing accounts. Also the branch negotiates contracts for banking and armoured car services for the province.

The branch maintained a central index of approximately 700 accounts representing all Province of Manitoba bank accounts in all financial institutions in the province. These accounts include the Manitoba Public Insurance Corporation agents' accounts.

The branch continued to expand the use of direct payment cards and credit cards for the receipt of government revenues. The branch worked with individual departments, surveying their needs to consider appropriate applications.

The branch is involved with the operations of each Special Operating Agency in respect to its banking, borrowing and investment activities.

The branch will continue to partner with other areas of government in the application of emerging technology.

2 (c) **Money Management and Banking**

Expenditures by Sub-Appropriation	Actual 2003-2004	Estimate 2003-2004		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	443.1	8.00	467.2	(24.1)	
Other Expenditures	60.5		75.1	(14.6)	
Total Sub-Appropriation	**503.6**	**8.00**	**542.3**	**(38.7)**	

Treasury Services

The Treasury Services branch of the Treasury Division is responsible for the following major functions:

- To service and administer the public debt of the province;
- To service and safekeep the investments of the province and certain Crown corporations and government agencies;
- To co-ordinate the preparation of Treasury Division and Public Debt estimates and analyses;
- To provide a controllership function to the Treasury Division;
- To measure, monitor and report on the financial risks generated through the division's management of $6.4 billion in investments and $20 billion in debt;
- To develop and maintain policies and procedures for approval;
- To work with the branches to ensure effective risk management practices, processes and compliance; and
- To provide administrative support to the Treasury Division including the co-ordination of the division's information technology functions.

Debt Servicing

The gross direct debt serviced by the branch aggregated approximately $20 billion. This debt was represented by debentures, savings bonds, treasury bills, promissory notes, and C.P.P. debentures, all payable in Canadian Dollars, as well as 14 debenture issues payable in U.S. Dollars, 1 debenture issue payable in Swiss Francs, 1 debenture issue payable in Australian Dollars, and 7 debenture issues payable in Japanese Yen. In servicing this debt, the branch administered approximately 270 derivative agreements whereby, among other things, all the Swiss Franc, Australian Dollar and Japanese Yen debt has been swapped into fixed or floating rate Canadian or U.S. Dollar liabilities. The branch also administered numerous option-related contracts entered into for the purpose of hedging against short-term interest rate and foreign currency fluctuations affecting debt.

Servicing the foreign debt obligations of the province required the purchase of 14.7 million U.S. Dollars.

Servicing the short-term debt obligations of the province required the administration of $1.3 billion in treasury bills and $643 million in promissory notes issued throughout the year.

Investment Servicing

The branch services the long-term investments of the Manitoba Public Insurance Corporation and the sinking fund investments of the Province of Manitoba, Manitoba Hydro and The University of Manitoba. The aggregate value of these long-term investments was approximately $6.4 billion.

In servicing these investments the branch processed purchases aggregating $4.3 billion, sales and maturities of $4.6 billion and gross income of $411 million. The branch administered approximately 122 derivative contracts by which investments denominated in foreign currencies have been swapped into Canadian Dollars.

Servicing short-term investments for the province required the processing and safekeeping of approximately 2,000 money market transactions covering purchases, sales and maturities with a total aggregate value of approximately $60 billion.

In order to meet its responsibilities in servicing the province's debt and investments, the branch operates a payment system for the division. During 2003/2004, 168 cheques were issued with a total value of $56 million, electronically authorized 918 transfers totalling $9.3 billion, and issued 189 wire payment instructions through our principal bank totalling $2 billion.

2 (d) Treasury Services

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	557.7	10.00	546.1	11.6	
Other Expenditures	47.5		47.7	(0.2)	
Total Sub-Appropriation	**605.2**	**10.00**	**593.8**	**11.4**	

Public Debt (Statutory)

The Treasury Services branch is responsible for co-ordinating the preparation of Public Debt expenditure estimates and analyses.

The Public Debt appropriation provides for the required net cost of interest and related expenses payable with respect to the Public Debt of the province.

The following table sets forth certain information as to the funded debt of the province as well as debt issues for general provincial programs (all net of sinking funds) as at March 31 for the years 2000 through 2004, including per capita data based upon population at July of the preceding calendar year.

	As at March 31,				
	2000	**2001**	**2002**	**2003**	**2004**
Net General Provincial Program Debt (millions) [1]	$6,718	$6,798	$6,651	$6,650	$6,636
Per Capita	$5,872	$5,911	$5,784	$5,778	$5,693 [3]
As a Percent of Gross Domestic Product	*21.0%*	*19.9%*	*18.9%*	*18.0%*	*17.2%*
Net Cost of Servicing General Provincial Program Debt (millions)	$466	$511	$395 [2]	$321	$311
As a Percent of Provincial Revenue	7.4%	7.6%	5.9%	4.6%	4.3%

Notes:

1. *Unhedged foreign currency obligations are stated at the Canadian dollar equivalent using the exchange rates in effect on March 31 each year. Includes Capital Investments.*
2. *Adjusted by $19.3M to reflect recovery of interest expense from other appropriations.*
3. *Population data as at January 1, 2004.*

11 Public Debt (Statutory)

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Interest on:					
the Public Debt of Manitoba and related expenses	1,183,124.9		1,242,318.2	(59,193.3)	
Trust and Special Funds	29,953.9		47,500.0	(17,546.1)	
Sub-total	**1,213,078.8**		**1,289,818.2**	**(76,739.4)**	
Less: Interest and Other Charges to be received from:					
Sinking Fund Investments	(231,442.8)		(231,900.0)	457.2	
Manitoba Hydro	(525,322.2)		(560,320.9)	34,998.7	
Manitoba Housing and Renewal Corporation	(30,626.4)		(31,671.9)	1,045.5	
Manitoba Agricultural Credit Corporation	(19,872.5)		(20,220.9)	348.4	
Other Government Agencies	(11,829.7)		(10,974.4)	(855.3)	
Other Loans and Investments	(62,240.6)		(81,727.9)	19,487.3	
Other Appropriations	(21,162.7)		(22,002.2)	839.5	
Sub-total	**(902,496.9)**		**(958,818.2)**	**56,321.3**	
Total Sub-Appropriation	**310,581.9**		**331,000.0**	**(20,418.1)**	*1*

1. *Net under expenditure is due to a decrease in costs attributable to interest rates.*

COMPTROLLER DIVISION

The division's role is to establish and foster a corporate Comptrollership function for the Manitoba government that includes the development and operation of financial and management systems in support of legislative and governmental decision-making, service delivery effectiveness and accountability requirements. Some of the key components integral to the division's government-wide Comptrollership function include:

- designing management processes;
- establishing financial and accounting policy;
- preparing and presenting financial information for internal and external reporting;
- maintaining the central accounts of the province and controlling all disbursements and revenue transactions for the Consolidated Fund;
- facilitating the integration and co-ordination of financial and management information; and
- providing advisory and problem solving services to corporate government and line departments.

In carrying out the division's mandate, four branches report to the Provincial Comptroller. These include:

- Information Technology Services;
- Disbursements and Accounting;
- Financial Systems Support; and
- Internal Audit and Consulting Services.

Divisional accomplishments are reported under each branch as applicable.

3 (a) Comptroller's Office

Expenditures by Sub-Appropriation	Actual 2003-2004	Estimate 2003-2004		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	150.9	2.00	146.9	4.0	
Other Expenditures	28.4		18.5	9.9	1
Total Sub-Appropriation	**179.3**	**2.00**	**165.4**	**13.9**	

1. *Over expenditure is due to travel and related costs associated with the Comptroller's Conference in Prince Edward Island and legal fees.*

Information Technology Services

The Information Technology Services branch provides efficient, effective and technologically sound information systems that effectively support Manitoba Finance with the exception of Treasury Board Secretariat and Consumer and Corporate Affairs.

The branch has been allocated 6.85 staff positions for the performance of the following major functions:

- leadership and co-ordination of the development of strategic and annual information technology plans;
- provision of information technology expertise and consulting services such as business case analysis, feasibility analysis and requirements definition;
- development, implementation and testing of systems, backup and disaster recovery plans; and
- representing the department in matters relating to government-wide information technology initiatives.

In 2003/2004, the branch maintained the following systems in a continuous state of full operational serviceability:

- the Taxation Division's Revenue Accounting and Collection systems;
- the Comptroller Division's historical and several non-SAP financial systems;
- the Insurance and Risk Management branch's Property Management and Insurance and Risk systems; and
- the Tax Assistance Office's Homeowner Tax Assistance Audit system.

In addition, the branch supported the following major corporate initiatives:

- assisted with the enhancement of the new Integrated Taxation System;
- allocated to Treasury Division for technology support; and
- assigned support for the Point of Service System (POS).

3 (b) Information Technology Services

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	434.6	6.85	481.5	(46.9)	
Other Expenditures	58.1		72.7	(14.6)	
Total Sub-Appropriation	**492.7**	**6.85**	**554.2**	**(61.5)**	

Disbursements and Accounting

The role of the Disbursements and Accounting branch is to monitor the decentralized processing as well as controlling and reporting of all receipts to, and disbursements from, the Consolidated Fund in accordance with governing legislation and established accounting policies and practices. The branch maintains a central payroll system for the payment of all government employees as well as an accounts payable vendor system for payments in relation to grants, supplies and services. It also maintains the official accounting records of the government and prepares its financial statements, including summary financial statements reflecting the consolidation of the financial operations included in the government reporting entity that are integral to the overall operations of government in performing its executive function.

The branch performed direct deposit for government payrolls that included 407,460 direct deposits and issued 1,703 payroll cheques, with adherence to all deadlines and all related laws, regulations and policies.

The branch also released 463,935 payments for grants, supplies and services, to corporations, firms and other recipients based on documents and supporting information provided by the government's operating departments. Approximately 36,000 of this total were direct deposit payments to vendors.

Processing and collection of amounts owing to the government for shared cost agreements were completed on a timely basis. Quarterly financial report statements of the government were issued in accordance with established timetables and accounting policy. Annual financial reports, as represented by the Public Accounts, were prepared and released in accordance with *The Financial Administration Act*. The summary financial statements of the government represented by Volume 1 of Public Accounts and the more detailed financial statements, schedules and reports of the consolidated fund represented by Volumes 2 and 3 of the Public Accounts, were all released September 30, 2003. Volume 4 of the Public Accounts, which represents the detailed financial statements of the funds, organizations, agencies and enterprises included in the government reporting entity, was produced and released on June 10, 2004.

The branch continued to provide consultation and financial guidance for appropriate financial processes within the Consolidated Fund.

3 (c) Disbursements and Accounting

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,091.5	39.00	2,001.2	90.3	
Other Expenditures	838.2		879.0	(40.8)	
Less: Recoverable from Other Appropriations	(447.4)		(478.6)	31.2	
Total Sub-Appropriation	**2,482.3**	**39.00**	**2,401.6**	**80.7**	

Financial Systems Support

The Financial Systems Support branch supports the core business requirements of the government by providing cost-effective maintenance and enhancement capabilities in support of the enterprise-wide system (SAP) implemented with all government departments and certain specific organizations/entities.

In partnership with other corporate Information Communication Technology organizations, the branch

- manages and supports system improvements and enhancements, specific to or affecting the core financial and human resource/payroll processes by defining and prioritizing system change requests in conjunction with government departments;
- analyzes, designs and builds solutions to support government-wide business requirements and ensures the system is current with all legislative policy changes;
- configures and tests finance, payroll and other processes or modules which may affect core business functionality; and
- provides expert level SAP support to end-users in all government departments including customizing workshops.

In 2003/2004, 125 system changes were successfully completed jointly by Financial Systems Support and Manitoba Information and Communication Technology. These system changes included reports, interfaces, configuration and customization. Of these, 26 were to resolve end-users problems, 41 were enhancements done at the request of departments and central operations and 58 were mandatory changes as a result of policy and legislative changes.

Significant initiatives undertaken in 2003/2004 included:

- working in partnership with Manitoba Health, implemented a new company code and bank reconciliation process for the Manitoba Health Insurance Fund;
- several process and reporting enhancements were introduced to assist departments and central agencies in the reporting and monitoring of expenditures and salary liabilities;
- new payment interfaces were designed and implemented to streamline program requirements within Manitoba Family Services and Housing;
- successfully designed and implemented a new collective agreement and payroll business processes for Direct Service Workers. This large implementation and conversion was a partnership with the Department's of Family Services and Housing, Health and Energy, Science and Technology;
- conversion and replacement of a legacy system for Grievance and Dispute resolution tracking for Labour Relations; and
- several collective agreements were settled within the year which required significant system changes.

3 (d) Financial Systems Support

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	945.7	13.00	946.6	(0.9)	
Other Expenditures	88.4		105.0	(16.6)	
Total Sub-Appropriation	**1,034.1**	**13.00**	**1,051.6**	**(17.5)**	

Internal Audit and Consulting Services

The Internal Audit and Consulting Services branch provides internal audit services to management throughout government. All government departments have access to internal audit services through annual audit plans or for high-priority matters.

Activities of the branch in 2003/2004 included:

- The completion of 50 audits during the year (2002/2003: 55), based on assignments greater than 100 hours. Of these, 2 (2002/2003: 2) were value for money audits, 35 (2002/2003: 42) were primarily focused on financial and management practices, and 13 (2002/2003: 11) other engagements were completed.
- Annual reports, summarizing the audit activities for the year and the audit plan for the upcoming year, were prepared for each department.
- Development and presentation of risk management information for managers across government.
- Internal assessment of audit processes.
- Participation in Institute of Internal Auditors and Information System Audit and Control Association boards and activities.
- Provided leadership to the Financial Management Development Program.

3 (e) Internal Audit and Consulting Services

Expenditures by Sub-Appropriation	Actual 2003-2004	Estimate 2003-2004		Variance Over/(Under)	Expl. No.
	$(000s)	FTEs	$(000s)	$(000s)	
Salaries and Employee Benefits	1,644.1	27.50	1,803.9	(159.8)	*1*
Other Expenditures	195.1		208.3	(13.2)	
Total Sub-Appropriation	**1,839.2**	**27.50**	**2,012.2**	**(173.0)**	

1. Under expenditure is primarily due to position vacancies.

TAXATION DIVISION

The Taxation Division is responsible for efficiently and effectively administering the following Provincial Taxation Acts and ensuring proper revenues are collected as provided in these Acts:

The Corporation Capital Tax Act
The Gasoline Tax Act
The Health and Post Secondary Education Tax Levy Act
The Mining Tax Act
The Motive Fuel Tax Act
The Retail Sales Tax Act
The Revenue Act, Part 1, Part IV
The Tobacco Tax Act
The continuing phase-out of the *Manitoba Succession Duty and Gift Tax Acts*

Actual revenues for the 2003/2004 fiscal year under the Taxation Acts noted above as well as for the Mining Claim Tax and Environmental Protection Tax, were $1,990,963,500 which exceeded estimated revenues by $10,691,500.

The major variances from the estimate are as follows:

- Health and Post Secondary Tax Levy revenues exceeded the estimate by $4,416,700 resulting from wage growth and continued low unemployment rates during the year.
- Mining Tax revenues exceeded the estimate by $4,895,000 resulting from increased profits for Manitoba mining companies due to a significant increase in world base metal prices.
- Retail Sales Tax revenues exceeded the estimate by $6,439,400 resulting from increased construction activity in Manitoba.
- Corporation Capital Tax revenues fell short of the estimate by $9,250,900 resulting from reduced paid up capital reported by corporations.

Taxation Division
Comparative Statement of Actual Revenues ($000s)
For Fiscal Years Ending March 2000 to March 2004

	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
Corporation Capital Tax	134,544.3	124,182.5	132,431.6	139,340.1	139,049.1
Gasoline Tax	154,373.4	156,877.1	156,590.1	161,118.3	161,856.2
Levy for Health and Education	225,255.0	238,785.3	244,415.8	257,281.8	267,816.7
Succession Duty and Gift Tax	39.7	39.7	358.9	142.2	7.9
Mining Claim Tax	71.1	71.0	71.2	71.1	71.3
Mining Tax	7,262.1	45,443.1	9,357.1	17,541.1	21,895.0
Motive Fuel Tax	64,060.0	66,670.5	66,281.0	70,131.9	71,308.0
Retail Sales Tax	917,666.5	932,782.9	965,559.8	1,006,583.5	1,064,239.4
Revenue Act, 1964, Part I	56,955.7	67,981.0	65,923.8	71,071.8	71,193.1
Tobacco Tax	112,531.5	121,478.6	138,301.9	180,508.6	190,289.2
Environmental Protection Tax	3,349.5	3,036.9	3,399.6	3,212.7	3,237.6
Total	1,676,108.8	1,757,348.6	1,782,690.8	1,907,003.1	1,990,963.5

Management and Research

The Management and Research branch ensures the effective management and application of provincial Taxation Statutes. The government's taxation requirements are conveyed by providing tax expertise and direction to the Taxation Administration and Audit branches and providing necessary information to taxpayers and to businesses that collect the taxes.

The major objectives of this branch are to:

- provide management, leadership and policy assistance on statutes administered by the Taxation Division;
- maintain an effective tax-gathering system that applies the legislation consistently and ensures the collection of the tax revenues imposed by the Acts administered by the Taxation Division;
- implement new tax legislation as directed;
- respond accurately and promptly to enquiries from tax collectors and taxpayers;
- develop taxation revenue and expenditure forecasts and analyse variances from budgeted amounts;
- inform the Minister and Deputy Minister of tax revenue options, and recommend required changes to upgrade the effectiveness of legislation and tax administration policy;
- develop and update tax interpretation manuals for the use of Taxation Division staff, and tax bulletins to inform businesses of tax collection and remittance requirements; and
- provide tax management expertise and direction as needed to maximize the effectiveness of the Taxation Administration and Audit branches, and to co-ordinate the efforts of all three branches on the implementation of new programs.

Activities undertaken by the branch during the year included the following:

- provided the Minister of Finance and the Deputy Minister with recommendations for changes in legislation and policy, evaluated the administrative and revenue implications of changes being considered by the government and implemented the changes as directed;
- developed additional bilingual forms and information bulletins on the Taxation Division website;
- prepared official communications, including ministerial responses regarding taxation matters;
- related with other departments, jurisdictions, businesses that collect the taxes, taxpayers and associations on taxation matters;
- prepared financial forecasts and analyses in order to assist in strategic taxation planning;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;
- developed and implemented new taxation policy and administration procedures and informed Taxation Division staff and the taxpayer community;
- researched and developed tax interpretations and bulletins to inform businesses of the tax requirements;
- liaised with Canada Revenue Agency (CRA) and other jurisdictions on co-operative information exchanges, joint compliance initiatives and other taxation administration and management issues;
- continued participation in the Integrated Tax System project to enhance public services; and
- participated in the development of the department's business plan.

The results obtained during 2003/2004 include:

- revenues collected as imposed by the taxation acts;
- maintained a fair, effective and efficient tax-gathering system, with a sufficient deterrent to tax avoidance or evasion;
- evaluations regarding the implications of administrative and revenue options being considered by the government were developed on a timely basis;
- new legislation implemented on time and in an efficient and effective manner;
- assisted with implementation of the integrated computer tax system;
- official communications were prepared in a timely manner;

- key information bulletins developed and/or updated and made available on the internet;
- financial forecasts and analyses prepared in a timely manner;
- Taxation Division's resources effectively and efficiently controlled and utilized; and
- Taxpayer queries answered in a timely manner, promoting self-compliance.

4 (a) Management and Research

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,126.3	19.50	1,210.2	(83.9)	
Other Expenditures	147.8		175.0	(27.2)	
Total Sub-Appropriation	**1,274.1**	**19.50**	**1,385.2**	**(111.1)**	

Taxation Administration

The Taxation Administration branch facilitates the effective and efficient administration and collection of taxes from taxpayers, as required by legislation, regulation and policies, and provides information to taxpayers.

The staffing complement for the 2003/2004 fiscal year was 74.42 staff positions. The branch is production-oriented and provides processing services and information to Manitoba taxpayers and provides the administrative needs of the other two branches of the Taxation Division. The Taxation Administration branch is responsible for ensuring the prompt and accurate processing of $2.0 billion in tax revenues annually from the Taxation Acts administered by the Taxation Division, as well as *The Mining Claim Lease Tax* and *The Environmental Protection Tax*.

The major objectives of this branch are:

- accurate processing of tax revenue received;
- providing an effective and efficient tax gathering system;
- training and development of staff;
- ensuring tax rolls for each statute reflect the most current data available;
- proper reporting of the collection of taxes;
- accurate refunds with minimum delays;
- promote essential tax information to the taxpayer; and
- to effectively reduce outstanding tax arrears and delinquent tax returns.

Activities undertaken by the branch during the year included the following:

- provided field services to taxpayers on tax interpretations, remittance procedures, licensing and other requirements of the Acts and Regulations;
- collection of outstanding tax arrears and delinquent tax returns were actioned with a view to minimizing losses;
- ensured taxation data bases were promptly updated and accurately reflected the current status for each taxpayer;
- ensured remittance forms were produced and mailed at the required times to ensure tax revenues are received in a timely fashion;
- ensured refunds of tax were accurate and were produced with a minimum of delay;
- ensured fuel sampling is conducted to provide compliance with legislation;
- maintained filing systems to provide the necessary historical data on each taxpayer as required by all areas within the Taxation Division;
- recommended related policy change options and possible amendments to the Acts;
- trained and developed staff;
- developed, implemented and monitored management performance action plans;

- recorded and transmitted to the Tire Stewardship Board on a monthly basis, the tire levy collected on behalf of the Board; and
- participated in the integrated taxation systems project working toward integration of the Taxation statutes and single window access by taxpayers.

The results obtained during 2003/2004 include:

- proper recording and collection of taxes imposed by the Acts;
- maintenance of an effective and efficient tax-gathering system; and
- taxpayers and the general public provided with information necessary to comply with the statutes.

The Taxation Statutes for which the Taxation Administration branch is responsible are as follows:

The Retail Sales Tax Act

This Act levies a tax on certain services and goods purchased in Manitoba, or brought into the province for consumption. The tax rate of 7% is calculated on the retail-selling price excluding the Goods and Services Tax. Exemptions are provided for food items, children's clothing and footwear up to $150 per item, prescription drugs, farm implements, books, toll free line charges, commercially operated aircraft, custom developed software and custom computer programming, sanitary napkins and for certain other items.

The Health and Post Secondary Education Tax Levy Act

This Act imposes a tax on an employer's total annual gross remuneration paid to their employees. Employers whose total annual gross remuneration paid to their employees is less than $1,000,000 are exempt from paying the levy (associated corporations are required to share the exemption). Employers whose total annual gross remuneration paid to their employees exceeds $1,000,000 but is less than $2,000,000 pay tax on the portion over $1,000,000 at a rate of 4.3%. Employers whose total annual gross remuneration paid to their employees exceeds $2,000,000 pay tax at a rate of 2.15%.

The Corporation Capital Tax Act

Corporations with taxable paid up capital exceeding $5,000,000 are subject to the capital tax. The tax rate is 0.3% of the taxable paid up capital with an additional 0.2% surtax on the taxable capital in excess of $10,000,000. Banks, trust and loan companies are taxed based on the shareholder equity at a rate of 3%.

The Gasoline Tax Act

This Act imposes a per litre tax on all purchases of gasoline, aviation fuel and gasohol, subject to certain exemptions (dyed fuel used for farming, fishing, trapping, logging and the cargo component of international aircraft flights).

The Motive Fuel Tax Act

This Act imposes a per litre tax on all purchases of petroleum products used in the operation of an internal combustion engine or for commercial heating, that are not taxable under *The Gasoline Tax Act*, subject to certain exemptions (dyed fuel used for farming, fishing, trapping, logging, segments of the mining industry, domestic home heating and international ocean going vessels). The Taxation Administration branch administers the International Fuel Tax Agreement (IFTA) whereby truckers licensed in Manitoba are allowed to file a tax return which accounts for all jurisdictions travelled. The branch is responsible for verifying the returns and either issue recovery notices or refunds to other IFTA member jurisdictions.

The Tobacco Tax Act

This Act imposes a tax on the purchase of cigarettes, fine cut tobacco, cigars and other tobacco products.

Part I of The Revenue Act

This Act imposes a 7% tax (before GST) on the purchase price of electricity, coal, and natural and manufactured gas delivered by a pipeline. Special exemptions are provided for the heating of domestic dwellings and farm buildings. The tax rate for electricity used directly for qualified manufacturing and mining is 1.4%.

The Mining Tax Act

This Act imposes a tax on the profits of mining operations.

Operational Results

Operational results for the 2003/2004 fiscal year include 50,470 registered vendors, collectors and deputy collectors and 388,911 returns generated per annum.

The Administration branch also processed 19,962 refunds (representing $51,535,000) and chargebacks (representing $1,727,000).

As at March 31, 2004, there were service stations operating on 61 Reserves and 159 retailers who had entered into an agreement with the Province to provide tax-free fuel to Status Natives. A total of $10,434,000 representing 3,591 claims was disbursed under this program during the 2003/2004 fiscal year for both diesel and gasoline fuel.

In the 2003/2004 fiscal year, the Manitoba government continued to negotiate agreements with Indian Bands to provide a tobacco tax exemption for tobacco products sold to Status Natives on reserves. As at March 31, 2004 there were 59 Indian Bands who had entered into agreements. A total of $14,926,000 representing 1,235 claims was disbursed under this program during the fiscal year.

Collections

The Collections and Field Services section is responsible for the collection of all outstanding taxes and delinquent returns, statute interpretation and taxpayer compliance with the various statutes administered by the Taxation Division. The section accomplishes the above by telephone contact, enforcement action, visits, examination of records, fuel sampling programs and the review of bulk fuel plant operations.

4 (b) Taxation Administration

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	3,228.0	74.42	3,162.2	65.8	
Other Expenditures	6,120.0		3,641.1	2,478.9	1
Total Sub-Appropriation	**9,348.0**	**74.42**	**6,803.3**	**2,544.7**	

1. *Over expenditure is essentially due to an increase in the provision for doubtful accounts for taxation receivables deemed uncollectible.*

AUDIT

The Audit branch ensures that all taxes administered by the Taxation Division are remitted to the province through the promotion of voluntary compliance by taxpayers (including all collectors and registrants).

The Audit branch is structured into four operational units:

- **Audit** is responsible for conducting audits of taxpayers under various taxation statutes administered by the Taxation Division;

- **Audit Review** is responsible for the quality review of audit files, workload development, file selection on taxpayer appeals and for the development of audit policies and procedures;

- **Investigations** is responsible for gathering evidence, the investigation of violations and the laying of charges under the taxation statutes administered by the Taxation Division; and

- **Westman Regional Office** provides a rural perspective to tax policy development and operational programs, responsibility for all audit functions as well as investigations in Western Manitoba and provides taxpayer information services for areas outside Winnipeg.

The major objectives of this branch are to:

- develop an efficient and effective audit program focused on high risk areas and throughout the cross-section of industries;
- develop an efficient and effective investigation program where violations under the taxation statutes are detected;
- provide accurate information in a timely manner to businesses relating to tax interpretation of the taxation statutes; and
- develop branch policies and procedures which ensure fair and consistent tax application to all businesses and which improve branch efficiency and effectiveness.

Activities undertaken by the branch during the year included the following:

- conducted audits under the various statutes to ensure proper remittance of taxes and promote voluntary compliance by taxpayers;
- participated in the Integrated Taxation Systems project aimed at improving public services through streamlined processes and the use of technology:
  - participated in the implementation of the new tax administration system including extensive training of staff; and
  - continued development and implementation of a computerized audit module to integrate audit information with the new tax administration system, improve audit selection effectiveness, and improve the Management Reporting System to aid management and staff in controlling, monitoring and evaluating results achieved in the audit and audit review sections;
- issued various policies and procedures to all staff to assist in the performance of audits and investigations;
- participated in the development of legislation and regulations;
- conducted training sessions for the staff of the Audit branch on new policies and procedures issued, on the operation of laptop computers and on legislative amendments under various taxation statutes to aid audit staff in the performance of audits;
- participated with Canada Revenue Agency and other provinces to develop co-operation and implement exchange of information on audits and investigations;
- conducted audits and reviews of the fuel and tobacco tax exemption systems for First Nations people;
- as part of the Canadian Fuel Tax project:
  - participated in a steering committee of the project - which is working on common definitions and legislation, co-operation at border points and changing this forum to a permanent Fuel Tax Council; and
  - participated in the Enforcement Committee – which is endeavouring to establish protocols between jurisdictions and the industry for the exchange of intelligence information for enforcement on a national basis and to identify operational audit and enforcement best practices to detect fuel tax evasions;
- as part of the Canadian Tobacco Tax Steering Committee participated in the steering committee and sub-projects – which is working to establish a mechanism through which all jurisdictions can share best practices, promote communication of ideas and propose alternative solutions to common problems related to the administration of Tobacco Taxes;
- participated in the national Marking and Stamping Committee for Tobacco enforcement to develop between industry and government, secure methods of marking tobacco products;

- conducted audits of tire vendors on behalf of the Tire Stewardship Board;
- conducted fuel sampling in the Westman and other rural areas to detect the improper use of tax exempt dyed fuel;
- conducted audits of taxpayers using computer-assisted audit techniques and software;
- provided direct support to numerous taxpayers in person and by telephone through the Westman Regional Offices, in the form of information on taxation statutes, applications for registration, International Fuel Tax Agreement (IFTA) applications as well as receiving monthly returns and payments;
- continued training staff in IFTA audit programs, computer software and hardware and continued conducting IFTA audits;
- developed and implemented audit programs for the International Registration Program (IRP), trained staff and commenced conducting IRP audits;
- increased awareness of tax evasion and the underground economy with managers of investigative bodies of provincial government and Crown corporations by arranging meetings to exchange information;
- developed, implemented and monitored management performance action plans;
- participated in various conferences with other provincial, federal and state taxing jurisdictions for the purpose of exchanging audit and investigative information and to ensure that the Audit branch is informed on developments in other taxing jurisdictions;
- participated in joint force investigations with Federal agencies and other provinces regarding Tobacco Tax, Retail Sales Tax, Gasoline Tax, Motive Fuel Tax and IFTA; and
- drafted communications for the Minister, Deputy Minister and the Assistant Deputy Minister of Finance.

The results obtained during 2003/2004 include:

- conducted audits which recovered tax not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders;
- responded to taxpayer queries in a timely manner;
- policies and procedures developed and/or updated.

Audit		
Completed refunds		442
Completed files		1,330
Audit recoveries	$	27,687,347
Investigations		
Completed files		516
Charges		365
Convictions		344
Fines	$	166,187
Recoveries	$	365,795
Audit Review		
Audit files reviewed		489
Reviewed Notices of Assessments		72
Appeals reviewed (In progress 39; Completed 13)		52

4 (c) Audit

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	5,247.4	92.00	5,513.4	(366.0)	1
Other Expenditures	909.5		1,061.9	(152.4)	
Total Sub-Appropriation	**6,156.9**	**92.00**	**6,675.3**	**(518.4)**	

1. Under expenditure is primarily due to position vacancies and underfilling.

Tobacco Interdiction

The Tobacco Interdiction program protects the revenues of the government under *The Tobacco Tax Act.* This program was implemented to counter against the increased risk of smuggling of lower taxed tobacco products from Eastern Canada to Manitoba and the Western provinces.

The Tobacco Interdiction program is made up of a combination of staff seconded from the Investigations group and the hiring of investigators and auditors on a casual/term basis specifically for this program.

The major objectives of this program are to:

- maintain an effective tax gathering system through the presence of an enforcement profile that will promote voluntary compliance by taxpayers and tax collectors;
- develop audit and investigation programs which detect tax evaders;
- prosecute tax evaders; and
- provide information to taxpayers on proper tax collection and remittance requirements.

Activities undertaken under this program during the year included the following:

- participated in investigations with the RCMP, Canada Revenue Agency (CRA), Canada Border Services Agency (CBSA) and Winnipeg Police Service of contraband tobacco violations;
- liaised with counterparts in the Departments of Finance in Saskatchewan, Alberta and British Columbia on a regular basis to co-ordinate the investigation and prosecution of the smuggling of contraband tobacco into Western Canada;
- liaised with counterparts in the Departments of Finance in Eastern Canada to solicit their assistance and co-operation in the tobacco interdiction program;
- developed policies, programs, procedures and information for taxpayers which result in the most efficient and effective utilization of resources to achieve compliance;
- recommended related policy change options and possible amendments to the Acts, evaluated the implication of changes being considered by the government and implemented the changes as directed;
- conducted audits of tax collectors and taxpayers relating to the smuggling of tobacco products and other violations of the Act;
- prosecuted tax evaders;
- liaised with law enforcement agencies, including Winnipeg Police Service, CBSA, RCMP, Ontario Provincial Police, Brandon Police Service and Kenora Police Force;
- updated a smuggler profile for use by law enforcement agencies to intercept major shipments;
- liaised with the Winnipeg Police Service Airport Detachment to assist in detection and prosecution of contraband shipments of tobacco by air;
- maintained a program of interaction with the transportation industry;
- continued to co-operate with other provincial agencies and Crown corporations in assisting investigations into tobacco smuggling;
- trained and developed staff;
- continued to refine management performance action plans; and
- responded to media requests for information on the interdiction program.

The results obtained during 2003/2004 include:

- maintained an effective tax gathering system which protects revenues under *The Tobacco Tax Act*;
- conducted audits which recovered taxes not reported and/or not remitted;
- conducted investigations and prosecuted tax evaders; and
- responded to taxpayer queries in a timely manner.

Tobacco Interdiction

Investigations Staff *

Completed files		84
Charges		4
Convictions		4
Fines	$	1,727
Recoveries	$	10,978

- In addition, staff of the Audit branch are also involved in Tobacco Interdiction investigative duties.

4 (d) Tobacco Interdiction

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	500.1	10.00	587.4	(87.3)	
Other Expenditures	226.2		251.5	(25.3)	
Total Sub-Appropriation	**726.3**	**10.00**	**838.9**	**(112.6)**	

FEDERAL-PROVINCIAL RELATIONS AND RESEARCH DIVISION

The Federal-Provincial Relations and Research Division is comprised of the Economic and Federal-Provincial Research unit and the Manitoba Tax Assistance Office.

The division's primary goals are:

- to provide research, technical and analytical support in respect of national and provincial fiscal and economic matters and intergovernmental financial relations, including cost-shared programs;
- to administer fiscal arrangements and tax collection agreements with the federal government and to administer tax credit programs with the federal government and municipalities; and
- to provide government-wide analytical support to inter-departmental working groups, task forces, etc.

Economic and Federal-Provincial Research

The major functions fulfilled by Economic and Federal-Provincial Research are:

- providing the government with research and technical support with respect to national and provincial fiscal and economic matters and intergovernmental financial relations, and to fulfill the department's specific economic and fiscal information requirements;
- providing advice and policy analysis with respect to a broad range of economic and fiscal matters including revenue and expenditure policies;
- serving as the principal administrative unit of the province for *The Income Tax Act* (Manitoba), *The Federal-Provincial Fiscal Arrangements Act* and the Tax Collection Agreement with the federal government;
- advising on policies relating to Federal-Provincial fiscal and economic relations;
- supporting provincial policy, and advancing provincial fiscal interests while representing the province in various meetings and committees; and
- administering tax credit programs with the federal government and municipalities.

Major areas of responsibility include intergovernmental fiscal relations, economic and fiscal policy analysis and tax policy formulation. Accordingly, the Economic and Federal-Provincial Research unit is comprised of an Administrative Unit and three branches:

- Intergovernmental Finance branch;
- Economic and Fiscal Analysis branch; and
- Taxation Analysis branch, which is also responsible for the Tax Assistance Office.

The division's senior staff consists of an Assistant Deputy Minister and the directors of the three branches.

Intergovernmental Finance

The Intergovernmental Finance branch includes five staff positions.

The branch director and staff undertake ongoing analysis and interpretation of intergovernmental fiscal transfers in respect of personal and corporate income tax collections, federal financing for health, higher education and social programs, equalization, fiscal stabilization and some aspects of provincial/local government fiscal arrangements.

Total provincial revenues governed by Federal-Provincial fiscal arrangements and administered by the branch in 2003/2004 included: $1,413.8 million in equalization payments; $753.6 million in cash payments for social programs; and $2.6 million in other unconditional subsidies.

The Intergovernmental Finance branch also provides support in administering Provincial-Municipal Tax-Sharing payments.

The Intergovernmental Finance branch co-ordinates the fiscal analysis necessary for the Minister and Cabinet to develop the Budget and co-ordinates the production of the Budget and related documents.

The branch director and staff represent the province at Federal-Provincial meetings and on working groups on fiscal data, fiscal arrangements and other Finance issues. In addition, the branch also provides support to the Federal-Provincial Relations Secretariat of the Executive Council, the Manitoba Minister on the Council on Social Policy Renewal, and participates with other ministries and participants in various intergovernmental working groups in this region.

Revenue from Federal-Provincial Fiscal Arrangements ($000's) For Fiscal Years Ending March 2000 to March 2004

	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
Income Taxes					
Individual Income Tax	1,611,231.5	1,756,646.5	1,658,961.6	1,636,187.1	1,720,369.7
Corporation Income Tax	306,819.4	444,127.5	306,381.0	160,512.8	289,104.5
Sub Total	1,918,050.9	2,200,774.0	1,965,342.6	1,796,699.9	2,009,474.2
Federal Transfers					
Equalization	1,271,747.0	1,339,236.0	1,399,151.0	1,337,625.0	1,413,790.0
Social Transfers:					
- Canada Health and Social Transfer	509,247.0	545,810.0	685,235.8	755,985.0	753,587.0
- Federal Health/ CHST Supplement	130,594.8	92,207.0	-	-	163,882.5
Other Transfers	2,247.7	2,247.7	2,315.6	2,247.3	2,272.1
Sub Total	1,913,836.5	1,979,500.7	2,086,702.4	2,095,857.3	2,333,531.6
Total from Fiscal Arrangements	3,831,887.4	4,180,274.7	4,052,045.0	3,892,557.2	4,343,005.8

Economic and Fiscal Analysis

The Economic and Fiscal Analysis branch includes four staff positions.

The branch's mandate is to provide economic and fiscal analysis of national and regional matters for the Minister and Cabinet, as well as for use by various departments in policy development and estimates preparation.

The branch monitors and reviews a wide variety of private sector and public sector analyses and forecasts, and maintains an extensive information base in order to meet its objective.

The branch director and staff represent the province on Federal-Provincial committees and working groups and provide economic analytical support for Finance Ministers' and First Ministers' meetings. As well, the branch provides inter-departmental co-ordination of economic analysis through the Inter-departmental Economic Outlook Group.

The branch prepares the Economic Review presented with the Budget. It also provides and co-ordinates the technical and analytical input to multi-year fiscal projections including the Medium-Term Fiscal Plan. The branch also monitors the federal government's fiscal situation and prospects.

An important and ongoing task of the branch is to prepare major components of provincial borrowing prospectuses and securities registration with regard to economic and financial data, and to represent the province in "due diligence" examinations of borrowing documents. A related task is to prepare major presentations and publications for financial institutions and credit-rating agencies.

The branch also responds to numerous requests for information on the Manitoba economic and fiscal situation from Canadian and international investment analysts as well as from companies, organizations and individuals in Manitoba.

Taxation Analysis

The Taxation Analysis branch has eight staff positions assigned with a further eight staff positions in the Manitoba Tax Assistance Office.

The Taxation Analysis branch maintains databases and analytic models, and develops recommendations for the Minister and Cabinet for taxation policy and for specific tax measures and tax credits. Tax measures are implemented through Budgets and legislation of the province and, for income taxes, through the Federal-Provincial Tax Collection Agreement.

The branch is responsible for analyzing the fiscal and economic effects of federal tax measures and proposals. This work entails participation in the relevant Federal-Provincial working groups, representing the province at various Federal-Provincial meetings, and providing advice for ministerial meetings.

Total provincial revenue from income taxes administered by the branch in 2003/2004 amounted to $1,720.4 million in individual income tax and $289.1 million in corporation income tax.

The branch supervises the Tax Assistance Office and the several programs administered in that office. These include the Manitoba Tax Credit programs and several programs related to Manitoba personal income tax. These programs benefit approximately 500,000 Manitobans annually. The Manitoba Tax Assistance Office also provides information and assistance to Manitobans in completing the provincial portion of their income tax returns.

Net Tax Credit Payments

10 Net Tax Credit Payments

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Manitoba Education Property Tax Credit	177,616.8		176,437.8	1,179.0	
Personal Tax Credit	46,913.8		48,575.3	(1,661.5)	
Pensioners' School Tax Assistance	2,986.0		3,112.4	(126.4)	
Political Contribution Tax Credit	1,084.9		1,146.8	(61.9)	
Environmentally Sensitive Areas Tax Credit	2.1		505.0	(502.9)	
Federal Administration Fee	866.4		875.0	(8.6)	
Manitoba Learning Tax Credit	362.0			362.0	
Less: Recoverable from Education and Youth:					
Manitoba Education Property Tax Credit	(177,616.8)		(176,437.8)	(1,179.0)	
Pensioners' School Tax Assistance	(2,986.0)		(3,112.4)	126.4	
Less: Recoverable from Advanced Education and Training					
Pensioners' School Tax Assistance	(362.0)			(362.0)	
Total Sub-Appropriation	**48,867.2**		**51,102.1**	**(2,234.9)**	*1*

1. *Net under expenditure is primarily due to final prior year adjustments based on actual income tax returns processed for the 2002 taxation year.*

Administrative Unit

This unit, with a staff of three, provides administrative support, word processing, library and filing services, and research support to the Assistant Deputy Minister and the branches of the division.

Results:

- The Minister and Cabinet are provided with timely and accurate information with regard to major fiscal, economic and taxation issues, including intergovernmental implications.
- Preparation and delivery of necessary reports and presentations to facilitate the conduct of the province's fiscal affairs, including support for the borrowing program.
- Benefits to Manitoba from fiscal arrangements are maximized.

5 (a) Economic and Federal-Provincial Research

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,512.3	21.25	1,476.2	36.1	
Other Expenditures	1,166.8		1,063.6	103.2	
Total Sub-Appropriation	**2,679.1**	**21.25**	**2,539.8**	**139.3**	

Manitoba Tax Assistance Office

The major functions fulfilled by the Manitoba Tax Assistance Office include:

- informing and assisting taxpayers on the proper application of Manitoba Income Tax and tax credit programs for residents of Manitoba;
- administering all elements of the Manitoba Education Property Tax Credit Advance program;
- enforcing the provisions of the legislation governing Manitoba Income Tax and Manitoba tax credit programs including recovery of ineligible claims;
- administering Tax Rebate Discounting; and
- Administering the Riparian Tax Credit program.

The major activities include:

- providing information to taxpayers claiming any of the above programs and administering these programs with Canada Revenue Agency;
- responding to enquiries and processing benefit applications; and
- contacting individuals to recover ineligible amounts claimed under Manitoba Income Tax and Tax Credit legislation.

Results:

Residents of Manitoba receive benefits to which they are entitled under the *Manitoba Income Tax Act.*

5 (b) Manitoba Tax Assistance Office

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	260.6	8.00	369.7	(109.1)	*1*
Other Expenditures	90.5		124.0	(33.5)	*2*
Total Sub-Appropriation	**351.1**	**8.00**	**493.7**	**(142.6)**	

1. *Under expenditure is primarily due to position vacancies.*
2. *Under expenditure is due to lower than anticipated costs associated with the administration of the Riparian Tax Credit program.*

TREASURY BOARD SECRETARIAT

The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board in fulfilling expenditure management responsibilities. The Secretariat is headed by a Deputy Minister who acts as Secretary to the Board.

The major functions fulfilled by the Secretariat include:

- monitoring, analyzing, and reporting on the financial position of the province;
- planning and co-ordinating the review and preparation of the annual estimates and participating in the development of the annual budget;
- providing analyses in support of the efficient and effective utilization/allocation of the province's financial and human resources, both in the context of the annual estimates process and on an ongoing basis throughout the year;
- undertaking reviews of specific program areas;
- co-ordinating expenditure management, continuous improvement, planning and program performance measurement processes for government;
- developing and communicating policies, procedures and guidelines on administrative matters, and maintaining the General Manual of Administration;
- providing guidance to departments in the identification of potential special operating agency (SOA) candidates and in the development of proposals and business plans as well as monitoring and reporting on the operation of special operating agencies;
- representing the government and department management in all labour relations and compensation activities within the civil service as well as providing specialized consulting services respecting labour relations and compensation matters within the public sector; and
- providing central administrative services to government-wide employee benefit and insurance programs in accordance with collective agreements, legislation and human resource policies.

The 2003/2004 Estimates of Expenditure and Revenue were tabled in the Legislature with the 2003 Manitoba Budget on April 22, 2003.

In January, 2004, the Office of Expenditure Management and Continuous Improvement was established within the Secretariat to improve the co-ordination of planning, reporting, expenditure management and service improvement activities across government.

Fiscal Planning Office

The Fiscal Planning Office (FPO) is responsible for developing fiscal strategy and planning options for the Government of Manitoba. This is accomplished through the maintenance of an effective budget/planning cycle within an overall fiscal framework. The FPO develops, implements and co-ordinates the annual estimates process, and finalizes the estimates of expenditure and revenue for tabling in the Legislature. The FPO prepares money bills and support information for tabling in the Legislature, and develops and implements such processes that are necessary to maintain the orderly business of government.

The FPO is also responsible for monitoring the fiscal status of the government and preparing reports, ensuring that the government has accurate, timely and relevant information on its fiscal position. Financial and operational information is provided to senior management of the province to facilitate sound financial management of government programs.

Analytical Units

Three analytical units are responsible for providing ongoing analysis, advice and recommendations in support of the Treasury Board decision-making process, with respect to program, policy and financial direction to departments. The units monitor, analyze and advise on departmental activities, ensuring the effective,

efficient and consistent delivery of government policies and priorities. In addition, the analytical units provide support and assistance to the Fiscal Planning Office.

The units are major participants in the development of the annual estimates of expenditure and revenue. They provide advice and guidance to assigned departments in the preparation of their estimates, analyze departmental estimates and evaluate whether they meet fiscal guidelines, and evaluate alternative strategies. They provide advice and recommendations to Treasury Board on program, policy and resource allocation issues, and they communicate and review Treasury Board decisions with assigned departments.

The analytical units provide ongoing advice and analysis to Treasury Board by reviewing departmental Treasury Board Submissions and providing assessments and recommendations. Other activities include participating in departmental reviews and studies; providing advice to departments on Treasury Board guidelines and procedures, as well as on various policy and financial issues; monitoring the program and financial status of departments; analyzing and reporting on departmental financial information to ensure compliance with government policy and financial objectives; and working with senior departmental personnel to ensure that the necessary communication between Treasury Board and departments is maintained.

Administrative Policy Office

The Administrative Policy Office (APO) develops, communicates, interprets, monitors and evaluates administrative policies. These policies direct, guide and assist departmental staff in managing government programs and resources in a way that reflects the government's fiscal strategy. They are communicated through the General Manual of Administration.

Co-ordination of Special Operating Agencies

The *Special Operating Agencies Financing Authority Act* received Royal Assent on June 24, 1992 and provides for the establishment of special operating agencies (SOAs). Special operating agencies are service operations, which are granted more direct responsibility for their operating results and have increased management flexibility to encourage entrepreneurship, enhance service, and achieve cost-savings for government. The Co-ordinator of Special Operating Agencies is responsible for providing guidance to departments in identifying potential SOA candidates and in developing proposals and business plans that are reviewed within the annual estimates process.

In 1992/1993, Fleet Vehicles Agency was established as the first SOA in Manitoba and at the provincial level in Canada. Within four years of its establishment as a SOA, it now serves government's transportation needs with 20% fewer vehicles at a cost saving of $6 million. Building on this success, the complement of SOAs has reached seventeen, representing $129 million in business for government. The SOAs continue to provide cost effective services for government and other clients. Further information on the operation of the SOAs is provided in the Annual Report for the *Special Operating Agencies Financing Authority Act* and for each SOA.

Labour Relations

Compensation Services

Compensation Services provided a complete range of services related to administration of the province's job classification program, employee benefits programs and compensation research to support the collective bargaining process and human resource policy development. Service is provided to Treasury Board, government negotiators, human resource practitioners and department managers. Service is also provided to external public sector organizations requiring advice, information or interpretation of civil service compensation policies and practices.

Results
Support in the form of research and costing of bargaining proposals was provided to negotiation services related to the negotiation and implementation of various collective agreements.

Compensation and benefits information databases were maintained and expanded, and information exchanged with a variety of local and national employers. Policies were updated to reflect current compensation policy and practice within the organization.

Classification delegations audits were completed for all government departments and classification training was presented to managers and human resource practitioners.

The Dispute Resolution Information System was transferred to an SAP configured format and work has begun on a similar transition of the Long-Term Disability Information System.

Benefits Administration

The Benefits Administration branch is responsible for providing central administrative services for government-wide employee benefits and insurance programs in accordance with collective agreements, legislation and human resource policies. Negotiated benefits include the Ambulance and Hospital Semi-Private (AHSP), Dental, Vision, Prescription Drugs and Long-Term Disability (LTD) plans.

Workers' Compensation Board (WCB) costs from government departments and agencies are managed through Benefits Administration branch. Financial information for statutory benefit and insurance programs including Civil Service Superannuation Plan, Canada Pension Plan, Group Life Insurance Plan, Employment Insurance, and the Levy for Health and Post-Secondary Education, is compiled through the branch. Additionally, the branch is responsible for co-ordinating the budgeting and financial reporting activities related to Employee Pensions and Other Costs.

Results

The branch provided administrative support and disability management services for LTD plan recipients and monitored accommodation issues related to redeployment of employees on medical grounds. As of March 31, 2004, 348 individuals were in receipt of LTD benefits.

The branch provided administrative services for all employee benefits and insurance plans.

Negotiation Services

Negotiation Services provides a complete range of labour relations services to government by representing management in labour relations activities involving both unionized and non-unionized employees. These activities include negotiation of collective agreements with various bargaining agents representing government employees, administration of collective agreements, and providing labour relations assistance respecting non-union employees. The branch also provides upon request labour relations services to Crown corporations and government-funded agencies.

Results

The branch undertook preparations for negotiating several major collective agreements that were to expire in March 2003. Negotiations commenced in early 2003 with respect to the renewal of these agreements including the Government Employees' Master Agreement. In addition, the branch negotiated the terms and conditions of a first collective agreement for direct service workers and negotiated a number of transition agreements respecting the transfer of employees between employer jurisdictions.

Contract Administration

Negotiation Services provides services related to the implementation and interpretation of collective agreements and provides advice to management on proposed management action. As part of this responsibility, the branch co-ordinates grievance and arbitration activities on behalf of government and conducts training sessions for managers and human resources officers regarding their roles in managing under a collective agreement.

Results

Changes were made to a number of collective agreement articles in the last round of negotiations requiring considerable interpretation as to their application. The branch represented the government in several contract interpretation arbitrations in the past year regarding these applications. The branch also conducted a number of training sessions for staff on the topics of Grievance Handling and Managing under a Collective Agreement.

7 **Treasury Board Secretariat**

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	4,130.3	66.00	4,486.3	(356.0)	1
Other Expenditures	905.7		874.4	31.3	
Total Sub-Appropriation	**5,036.0**	**66.00**	**5,360.7**	**(324.7)**	

1. Under expenditure is due to position vacancies.

CONSUMER AND CORPORATE AFFAIRS DIVISION

The Consumer and Corporate Affairs Division facilitates the resolution of disputes between consumers and businesses and tenants and landlords. The division also administers legislation for incorporation and registration of businesses, licensing of trust and loan corporations, credit unions and caisses populaires, licensing companies and individuals involved in the sale of securities, real estate, insurance and raising capital, regulates utilities and maintains registries of vital events and of interests in land and personal property.

Administration and Research

Administration and Research is comprised of three programs; the Assistant Deputy Minister's office, Research and Planning, and Administrative Services and Information Technology Support. All three programs provide support to the Consumer and Corporate Affairs Division.

Mandate

- Provides overall direction to the Consumer and Corporate Affairs Division;
- Assesses the need for new or amended legislation and co-ordinates the development of legislation and other responses to marketplace problems;
- Investigates marketplace issues and assesses alternative responses to them;
- Provides support for the division's financial systems, information technology activities and budget processes; and
- Administers Parts 2 and 3 of *The Manitoba Evidence Act*. This is the appointment of Commissioners for Oaths and Notaries Public.

Results

- Legislation developed by the division in the year included *The Manitoba Public Insurance Corporation Amendment Act* (Claimant Advisers), *The Credit Unions and Caisses Populaires Amendment Act* and *The Residential Tenancies Amendment Act*. As a result of these changes it is expected that:
  - There will be increased confidence in the compensation system for those injured in automobile accidents as a result of amendments to *The Manitoba Public Insurance Corporation Act* establishing a claimant adviser office to advise and assist claimants in their appeal to the Automobile Injury Compensation Appeal Commission;
  - Amendments to *The Credit Unions and Caisses Populaires Act* will facilitate operation of credit unions/caisses populaires and provide greater protection to consumers and depositors; and
  - *The Residential Tenancies Amendment Act* will clarify a number of existing provisions and streamlines the operation of the Residential Tenancies Branch.
- Supported the Minister's participation in a Provincial/Territorial Ministers' Initiative on securities regulatory reform which included release of a discussion paper, stakeholders' meetings across Canada and Ministers' and officials' meetings;
- Managed Consumer and Corporate Affairs division program responsibilities within budget;
- The review and assessment of marketplace issues provided senior management with information requested on a wide range of topics such as: new residential tenancy legislation in British Columbia; housing starts, rental housing vacancy rates and rents in other Canadian cities; identify theft legislation in the United States; a life lease housing study done by CMHC; personal information protection acts in Alberta and British Columbia; franchising legislation and Saskatchewan legislation exempting RRSPs for creditors. Senior management was also provided with requested information regarding gasoline prices. This included, for example, gasoline prices in Winnipeg and other Canadian cities and price regulation in Quebec, Prince Edward Island and Newfoundland;
- Consulted with consumer groups and representatives of the business sector on their views of marketplace issues and action needed;
- Co-ordinated development of the division's Business Plan; and
- Made Commissioner of Oaths and Notary Public appointments and renewed appointments, maintained the registry of appointments, collected all revenue, provided information to public, and authenticated notary public seals and signatures as required.

8 (a) Administration and Research

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	901.6	17.78	874.8	26.8	
Other Expenditures	244.2		288.5	(44.3)	
Less: Recoverable from Other Appropriations	(190.0)		(190.0)		
Total Sub-Appropriation	**955.8**	**17.78**	**973.3**	**(17.5)**	

Consumers' Bureau

The Consumers' Bureau provides programs in support of Manitoba consumers and businesses, and:

- Administers the statutes that are the responsibility of the bureau.
- Licenses/registers/grants certifications or authorizations to vendors and individual sellers engaged in direct selling; collection agencies and collectors; hearing aid dealers; charities fundraising in Manitoba; and manufacturers or renovators of stuffed articles.
- Provides a medium for the mediation and investigation of consumer complaints.
- Takes action as appropriate concerning prosecution of offenders under the statutes administered.
- Identifies problems and issues in the marketplace and makes recommendations to amend legislation under its mandate as required.
- Informs and educates consumers, businesses, service groups, consumer groups and student organizations regarding their rights and responsibilities as well as potential risks in the marketplace.
- Consults with other departments, agencies and organizations in Manitoba, Canada and internationally on current issues.

The Consumers' Bureau administers the following statutes:

- *The Business Practices Act*
- *The Consumer Protection Act*
- *The Personal Investigations Act*
- The Bedding, Upholstered and Stuffed Articles Regulation of *The Public Health Act*
- *The Charities Endorsement Act*
- *The Hearing Aid Act*
- Part III Reverse Mortgage Loans of *The Mortgage Act*

In the administration of the statutes stated above, the bureau operates in five main areas:

- Dispute resolution/mediation
- Licensing and registration
- Special investigations
- Information/education
- Administration/legislative review

While each program represents a group of activities with a common objective, all staff are involved in all areas. As an example, everyone provides information/education to clients. Similarly, all staff offer input and effort resulting in recommendations to make changes to legislation.

Dispute Resolution/Mediation

The dispute resolution/mediation program provides an important tool in monitoring the marketplace. Problems are often reported to the Consumers' Bureau in the form of complaints or inquiries. In response, the bureau mediates complaints involving retail transactions of goods or services, financing contracts, collection practices, advertising, and credit reporting.

Dispute resolution/mediation officers consider the rights and responsibilities of both sides of transactions, as well as relevant legislation, when attempting to bring parties to an agreement. Dispute resolution/mediation may include bureau assistance to consumers and businesses in making claims against the bonds of licensed vendors or collection agents. This may arise after a business failure or in situations where vendors or collection agents do not comply with the requirements of *The Consumer Protection Act.*

In addition to legislation administered by the bureau, officers must have knowledge of other statutes such as *The Garage Keepers Act, The Builders' Liens Act, The Repair Shops Act* and *The Sale of Goods Act,* that may be used in the dispute resolution/mediation process.

In 2003/2004, the Consumers' Bureau handled 31,787 telephone and e-mail inquiries from consumers and businesses requesting assistance. Disputes are often resolved over the phone or through e-mail by staff without necessitating a formal written complaint be submitted to the bureau. During the same period, 1,684 people came to the bureau in person to request assistance or to initiate a formal complaint. Due to improvements to the bureau's website, substantial increases in the numbers of individuals accessing the site have been noted, including over 14,000 visits to the site in the last quarter of 2003/2004.

The number of complaints registered with the bureau varies from year to year. In 2003/2004, 2,145* written complaints were handled, an increase of 28.5% over last year. Automotive and financial complaints registered the highest numbers during 2003/2004. The Consumers' Bureau obtained cash settlements or adjustments for consumers totaling $375,368.35. The Consumers' Bureau has a good record of success in resolving disputes and strives to maintain a high standard through fair and accurate application of knowledge of contracts, relevant legislation and skill in conflict resolution.

Consumer Services Officers handling complaints may identify breaches of consumer protection statutes such as unfair business practices in consumer transactions or misleading advertising. Through the dispute resolution/mediation process, it is usually possible to bring a business into compliance with legislation.

When compliance with statutes is not obtained, or where frequent statutory breaches have been identified, referral is made to the special investigation process of the bureau.

* This total includes 204 complaint files carried over from 2002/2003.

ANALYSIS OF COMPLAINTS

COMPLAINT TYPE	2001/2002	2002/2003	2003/2004
AUTOMOTIVE	316	264	311
HOME IMPROVEMENTS	215	241	222
FINANCIAL	208	232	283
PERSONAL EFFECTS AND SERVICES			
Hardware and Software	128	110	124
Personal Services	79	77	30
Personal Effects	32	39	62
Mover/Storage	27	16	17
Personal Improvement	24	54	41
Other	62	0	0
HOME FURNISHINGS AND ACCESSORIES			
Home Furnishings and Accessories	78	111	96
Home Entertainment	23	13	14
Other [1]	11	33	23
MAIL ORDER AND SUBSCRIPTIONS	78	74	75
TRAVEL	56	25	27
OTHER			
Telemarketing	49	1	3
Charities	26	37	19
Utilities	13	0	0
Other [2]	190	342	798
TOTAL	1,615	1,669	2,145

1. Includes: Professional services, jewellery, dry cleaners, photography, musical instruments/lessons, restaurants, schools.
2. Includes: Food sales, entertainment, coupon books, lotteries, prizes, hobby products, towing companies, parking facilities, mobile homes and residential dwellings. The category this year also includes 651 complaints/inquiries regarding "Nigerian-type Scam" e-mail.

Licensing and Registration

The Consumer Protection Act regulates vendors and direct sellers, collection agents and collectors through licensing and bonding requirements. Under *The Consumer Protection Act,* consumers who enter into contracts as a result of a direct sale have a 10-day cancellation right. There are other cancellation rights of up to one year provided to consumers where vendors have not complied with certain requirements specified in the Act.

Bonds are required under the licensing requirements of the Act for vendors engaged in direct sales and collection agencies. Where companies fail or refuse to honour obligations to consumers, the bonds provide fair and effective recourse. One vendor's penal bond in the amount of $15,000.00 was forfeited to satisfy claims in 2003/2004.

The Consumers' Bureau licensed 181 vendors, 1,758 direct sellers and 78 collection agents in 2003/2004. There were 2,410 collectors registered in 2003/2004.

The Consumers' Bureau administers the Bedding, Upholstered and Stuffed Articles (BUSA) Regulation of *The Public Health Act.* BUSA registrations have steadily increased from 888 in 1997/1998 to 1,628 in 2003/2004.

As well, the Consumers' Bureau authorizes charities to solicit funds for charitable purposes under *The Charities Endorsement Act* of Manitoba and certifies hearing aid dealers under *The Hearing Aid Act.*

Licences, Registrations and Authorizations

TYPE	2001/2002	2002/2003	2003/2004
Collection Agent	74	74	78
Vendors	213	200	181
Direct Seller	1,656	1,500	1,758
Hearing Aid Dealers	44	44	42
Bedding and Upholstery	1,233	1,386	1,628
Collectors	1,889	2,548	2,410
Charities Authorized	189	214	199
TOTAL:	**5,298**	**5,966**	**6,296**

Special Investigations

A level playing field in the marketplace for consumers and businesses is a goal of the bureau. The Consumers' Bureau is often successful in obtaining voluntary compliance with its statutes through dispute resolution/mediation. There are instances where investigations of breaches of the various acts are necessary. Following investigation, some matters are referred to the Justice department for prosecution or other court action as appropriate. The Crown may also seek redress in court for consumers who have been victimized. As alternatives to prosecution, investigations may result in obtaining assurance of voluntary compliance, orders to freeze assets, or injunctions prohibiting certain actions.

In 2003/2004, a total of 40 charges were laid against individuals and companies for breaches of consumer protection statutes. This included one charge of committing an unfair business practice under subsection 33(1) of *The Business Practices Act* and 39 charges of direct selling without a licence under section 75 of *The Consumer Protection Act.*

A company that pled guilty in 2002/2003 to a charge under subsection 75(1) of *The Consumer Protection Act* was fined $500.00 plus a $75.00 victim surcharge in 2003/2004. An individual from that company had pled guilty in 2002/2003 to a charge under subsection 33(1) of *The Business Practices Act.* He was given a fine of $5,000.00 plus a $750.00 victim surcharge and ordered to pay $5,321.00 of restitution in 2003/2004.

In 2003/2004 a company pled guilty to a charge under subsection 33(1) of *The Business Practices Act* and was fined $3,000.00. In addition, restitution was ordered in the amount of $21,409.00. One individual pled guilty to a charge under subsection 75(1) of *The Consumer Protection Act* and was sentenced to time served of 27 days and one year probation. One arrest warrant was also issued.

The Special Investigations unit maintains a close working relationship with departments and agencies of all three levels of government. As well, investigations benefit from the ongoing support and exchange of information with Industry Canada, the Winnipeg Police Service, Brandon Police Department, RCMP and Project Phonebusters. The Consumers' Bureau was instrumental in 2003/2004 in identifying a number of possible offenses to other enforcement authorities, which resulted in charges under *The Criminal Code* and investigations under *The Competition Act*.

By effective investigations of breaches of statutes and prompt application to the court, the bureau protects consumers from unfair business practices and ensures a healthier marketplace for businesses to compete fairly.

In 2003/2004, continued participation by federal, provincial and territorial consumer protection authorities in the electronic sharing of information through the Canshare database resulted in the early identification of a variety of "scams".

Information/Education

Consumers' Bureau staff provided 37 presentations to more than 650 Manitobans. Presentations were made at Red River Community College Language Training Institute to a number of English as a Second Language classes. Presentations were also given to groups at Steinbach 55 Plus, New Directions, College Jeanne-Sauve, The University of Manitoba (Faculty of Human Ecology), Y Neighbours, the St. Vital Community Centre and Multicultural Program, the North Centennial Senior Centre and the Wellness Weekend in Steinbach. Presentations were made to a group of new Canadians at the St. Vital Community Centre (Multicultural Programs) and Community Legal Education Association groups. Presentations were also made at the Bilingual Service Centres in St. Jean Baptiste, St. Malo, St. Pierre and St. Boniface.

In 2000/2001 the Consumers' Bureau initiated an Aboriginal Outreach Program. In 2003/2004 two staff members attended the Northern Association of Community Councils Annual General Conference and Trade Show. At the conference a number of important contacts were made with other agencies and leaders of Aboriginal communities. Personal visits were made to the Assembly of Manitoba Chiefs, The Manitoba Metis Federation, The South East Resource Development Council and The Interlake Tribal Council offices. Two trips were made to Peguis First Nation and four presentations were done at the Peguis High School. A visit was also made to the Peguis Band Office. Presentations were done at The Aboriginal Centre, the University of Winnipeg (Aboriginal Students Association), The Urban Circle Training Centre, The Path Resource Centre and Red River Community College (Access). There has been a substantial increase in the number of telephone calls and complaints received by the Bureau from the Aboriginal population as a direct result of the Program.

The Consumers' Bureau, in partnership with the Manitoba Seniors' Directorate, RCMP, Winnipeg Police Service, Manitoba Public Insurance Corporation, Residential Tenancies Branch, Vital Statistics Agency and the Manitoba Securities Commission, completed a consumer tips calendar for distribution to consumers. It features a different consumer topic each month and provides tips and information on a variety of subjects, including investing, telephone, mail and internet scams, personal identity protection, fraudulent charities, return and refund policies, warranties and landlord and tenant responsibilities. The calendar was distributed to various seniors' organizations and consumer groups as well as individual consumers.

Information tools targeting 18 to 30 year olds on the topics of dealing with credit, housing, vehicles, money management and shopping for satisfaction, were completed by a national working group and released to the public in 2003/2004.

Materials developed co-operatively by a national working group to address the growing issue of identity theft were adapted to include information specific to Manitoba legislation and contacts. These materials are available on the Consumers' Bureau website.

The Consumers' Bureau regularly receives calls from the media about specific consumer problems or marketplace issues. In 2003/2004, a total of 22 inquiries were received from the media. Senior bureau staff participate in television, radio and print interviews in response to media inquiries and utilize these opportunities to communicate information to consumers and businesses about their rights and responsibilities.

News releases continued to be used as a proactive measure. In 2003/2004, 7 news releases on identity theft, prepaid services, holiday shopping, purchasing travel services, charitable contributions and an announcement of the consumer tips calendar, contained timely information about certain problems being encountered in the marketplace. They informed consumers and businesses of their rights and responsibilities and offered information on steps to take to prevent problems.

Contacts are maintained and issues discussed by bureau staff with the Better Business Bureau, the Direct Sellers Association, the Consumers Association of Canada, the Manitoba Motor Dealers Association, the Association of Fundraising Professionals, various municipal, provincial and federal government organizations and law enforcement authorities.

Administration/Legislative Review

The administration/legislative review program effectively manages the internal operation of the Consumers' Bureau, including the management of financial and human resources within the branch. All staff participate in the business planning, policy reviews and legislative reviews of the Acts administered.

In 2003/2004 the Consumers' Bureau implemented a new licensing system for vendors, direct sellers, collection agents, collectors and manufacturers and renovators of stuffed articles. This has significantly improved service to clients requiring licensing.

To keep pace with a changing credit environment and to provide uniform consumer protection laws across Canada, the Consumers' Bureau is considering changes to legislation that relates to consumer credit in Manitoba. In 2003/2004 a Cost of Credit Disclosure discussion paper was prepared outlining the changes being considered. The discussion paper will be released publicly early in 2004/2005 requesting input from stakeholders.

Revisions were completed to the Bedding, Upholstered and Stuffed Articles Regulation. It is anticipated that the amended regulation will come into force in 2004/2005.

On January 15 – 16, 2004 Manitoba hosted a meeting of federal, provincial and territorial Ministers responsible for consumer affairs. There were over 50 participants and all jurisdictions were represented. The meeting was held to deal with consumer protection issues associated with the rapidly changing marketplace. An agreement was reached on initiatives to promote consumer protection in the areas of electronic commerce, identity theft, credit card chargebacks, inter-jurisdictional transactions and short-term credit markets.

In 2003/2004 the bureau forwarded 200 in-depth survey forms to clients. The information obtained from the surveys will be analyzed and used to assist the bureau in better serving our clients.

The Consumers' Bureau is participating on a national working group committee, made up of representatives from the federal government and all provinces and territories that is researching and developing options that may be available to address the alternative consumer credit market. A staff member attended a workshop on "fringe banking" where presentations were made on banking experiences in the north end of Winnipeg and alternatives and proposals on fringe banking services.

8 (b) Consumers' Bureau

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	1,002.0	18.50	921.0	81.0	1
Other Expenditures	208.8		249.6	(40.8)	2
Grants	88.7		88.7		
Total Sub-Appropriation	**1,299.5**	**18.50**	**1,259.3**	**40.2**	

1. *Over expenditure is primarily due to severance and vacation payout upon retirement.*
2. *Under expenditure is essentially due to lower than anticipated development costs for Consumer Affairs Tracking System (CATS) and a reduction in general operating costs.*

Residential Tenancies Branch

The Residential Tenancies Branch administers:

- *The Residential Tenancies Act*
- *The Life Leases Act*
- *The Condominium Act*

The Residential Tenancies Branch:

- provides information to landlords, tenants and others on *The Residential Tenancies Act, The Life Leases Act and The Condominium Act*;
- investigates complaints of non-compliance with the legislation;
- mediates disputes between landlords and tenants;
- makes decisions on disputes between landlords and tenants about:
  - security deposits
  - repairs
  - terms and conditions of a tenancy agreement or life lease
  - the right to continue in occupancy, including termination for non-payment of rent and noise and disturbance
  - claims for compensation
  - privacy
  - non payment of utilities
  - life lease entrance fees
- makes decisions on landlords' applications for rent increases above the guideline and tenants' objections to any rent increases.

Information/Education

Telephone Calls/Interviews

The branch's Winnipeg office has an Interactive Voice Response System (IVRS). Callers have the option of:

- speaking to a Client Service Officer;
- listening to recorded information segments about rent increases, security deposits, landlord and tenant responsibilities and repairs;
- having fact sheet information automatically faxed to them;
- calculating the interest payable on a security deposit;
- listening to recorded information on the branch's location and hours of business.

The IVR system handled 69,851 phone calls in the 2003/2004 fiscal year; approximately 47,400 of the callers chose to speak to a Client Service Officer. Staff in Brandon and Thompson answered an additional 6,300 calls from clients. These figures do not include calls to the branch about specific files. During the fiscal year, 9,000 people came to branch offices to request information or to file a formal complaint.

Website

The Residential Tenancies Branch's website @ www.residentialtenancies.mb.ca provides answers to several frequently asked questions. The information is available in English and French. Landlords and tenants can download the most commonly used residential tenancy forms. The website also has an automated security deposit interest calculation feature. The website includes the branch's Policies and Procedures Guidebook and links to *The Residential Tenancies Act* and *The Life Leases Act*. The website had 53,412 visits (log ons) from April 1, 2003 to March 31, 2004. The statistics on the website are significantly different from previous reports because the website reporting service changed their reporting methods to more accurately reflect the actual activity on the site.

Rent Status

Anyone who is considering the purchase of a rental property can apply to the Residential Tenancies Branch for a rent status report. A rent status report provides information on a property's rent history and can alert people to potential rent increase problems. The application and authorization forms can be downloaded from the website. In 2003/2004, the branch received and processed 153 applications for rent status reports. These applications involved 5,815 rental units.

Orders System

The Residential Tenancies' Orders System is also available online. The Orders System provides information on the orders the branch issues, except for rent regulation orders. Clients can access the system by:

- paying an annual subscription fee and receiving a password; or
- paying a fee to search online at the branch.

Users can search the system by landlord or tenant name or by the address of a residential complex.

Policies and Procedures Guidebook

The branch has a Policies and Procedures Guidebook, available in both English and French, to assist landlords, tenants and staff. The guidebook provides guidance on those areas not specifically dealt with in *The Residential Tenancies Act*. It also sets out the procedures for how the branch handles most of the issues landlords and tenants refer to the branch. The guidebook has 13 sections on topics like: security deposits, rent regulation, mediation, hearings and repairs. The branch provided copies of the guidebook to various landlord and tenant organizations and to all major libraries in other provinces as well as to our universities and colleges. The guidebook is available on the branch's website.

Speaking Engagements

In 2003/2004, staff of the Residential Tenancies Branch gave 24 presentations to 138 tenant participants and 187 landlord participants. The branch also did 17 presentations for student groups. These sessions involved 270 participants, including law and social work students as well as mature Aboriginal students. The branch also participated in the Manitoba Bar Association's Law Day Open House, The University of Manitoba's "Market Days" and the Professional Property Managers Association's "Suite Living".

Parts 1 - 8 of *The Residential Tenancies Act*

CASE LOAD

Category	2001/2002	2002/2003	2003/2004
Life Leases	9	20	5
Security Deposits	955	898	870
Claims (1)	1,430	1,413	1,598
Repairs	888	737	838
Notices to Vacate	401	438	413
Non-payment of Utilities	273	227	257
Tenancy Agreements	119	109	278
Failure of Landlord/Tenant to Meet Obligations (2)	479	372	171 (2)
Orders of Possession	1,766	1,914	1,894
Others (3)	461	509	526
Files Opened (4)	6,781	6,637	6,850
Files Closed (4)	6,588	6,824 (5)	6,756 (5)

(1) The claims category involves cases mediated or heard by the branch. These cases include claims for compensation filed by landlords against tenants and tenants against landlords.
(2) This category includes disputes over locks and doors, privacy, seizure of tenant's property, non-payment of rent, disturbance, withholding of services, unauthorized charges or fees.
(3) This category includes disputes involving assignment and subletting, mobile homes, entitlement to collect rent, change of landlord and abandonment of rental unit.
(4) This total includes Winnipeg, Brandon and Thompson offices, but does not include rent regulation files.
(5) These figures include files carried over from the previous fiscal year.

Part 9 of *The Residential Tenancies Act*

Rent Regulation (1)

Case Load Category	2001/2002	2002/2003	2003/2004
Landlord Application for Rent Increase Above the Guideline (2)	505	275	369
Application for Laundry Increase	53	7	20
Application for Approval of a Rehabilitation Scheme (3)	9	17	32
Application for Tenant Requested Improvement	52	31	21
Application for Withdrawal of Service	31	12	12
Rent Increase for New Tenants–S.132	14	9	59
Tenant Objection to Guideline, or less, Rent Increase	100	142	92
Unauthorized Rent Increases	426	443	725
Files Opened (4)	1,190	936	1,330
Files Closed (4)	1,218 (5)	842	1,046 (5)

(1) The figures shown here may differ from those in the annual report on the administration of *The Residential Tenancies Act*. This difference results from using figures based on the calendar year vs. the fiscal year.
(2) The rent increase guideline for 2002 was 2.0%, 1% for 2003 and 1.5% for 2004.
(3) Two of these applications were for residential complexes in Thompson.
(4) This total includes Winnipeg, Brandon and Thompson offices.
(5) These figures include files carried over from the previous fiscal year.

Performance Standards

The Residential Tenancies Branch has performance targets for processing cases that go to a hearing. The branch held 1,433 hearings during the 2003/2004 fiscal year; 832 of the hearings dealt with claims for compensation. The remainder of the hearings were about applications for orders of possession.

The target for issuing decisions on orders of possession is within three working days of the hearing date. During the 2003/2004 fiscal year, the branch's average time for issuing decisions on orders of possession was two working days.

The performance target for issuing claim decisions is within ten working days of the hearing date. During the 2003/2004 fiscal year, the branch's average time for issuing decisions on claims was approximately 29 working days. The following factors impacted performance:

- some hearing officers were participating in the branch's reengineering project in addition to their hearing officer duties; this resulted in delays in issuing decisions for the hearings they took and also increased the workload for the remaining officers;
- the branch experienced staff turnover in the Mediation/Adjudication Unit; new staff had to be trained for hearing officer duties and it took some time for them to reach capacity; and
- many claims were more complex and lengthier in nature, resulting in longer hearings and longer time to write the decisions.

The branch also has performance targets for issuing decisions on applications for rent increase above the guideline. The target is to issue a decision within 90 days or three months of the date the branch receives the application. In 2003/2004, the branch received 369 applications for rent increase above the guideline. These applications covered 19,028 rental units. In the previous fiscal year the branch received 275 applications representing 15,389 rental units. The number received in 2003/2004 was well in excess of the number of applications the branch usually receives. During the five year period before 2001/2002, the branch received between 90 and 110 applications per year.

While the branch was not able to achieve its processing target for many of the applications received in 2003/2004, it was able to process approximately 35% of the applications within 4 months of receipt. The delays in processing the remaining applications were because:

- there was a significant increase (100%) in the number of applications for approval of a rehabilitation scheme; processing these applications is a very time-consuming process, which involves extensive investigation as well as on-site inspections and a minimum of two hearings; the branch had to assign an officer to work almost exclusively on these applications;
- some rent regulation officers were participating in the branch's reengineering project in addition to their rent regulation duties; this resulted in delays in issuing decisions for the rent increase applications and also increased the workload for the remaining officers; and
- the branch experienced staff turnover in the Rent Regulation Unit; new staff had to be trained to process applications and it took some time for them to reach capacity.

Safety Net Program

The Safety Net Program's main purpose is to help people with special needs that are being evicted. These include the mentally and physically handicapped, the elderly and infirm, single parents or families with children. The safety net program may also be used when the Health department placards a building or there is some other unsafe living condition.

When the branch issues an order of possession, a safety net officer reviews the file. If the officer believes the tenant has special needs, the officer contacts the tenants to make sure they understand the order of possession and they know where to go to for assistance. In some cases, the officer might contact an appropriate social services agency. For example, if the tenant is a single parent on social assistance, the safety net officer might contact the tenant's worker to let them know what's happening and to make sure the

tenant will receive moving expenses and temporary accommodation, if necessary.

The safety net officer has contacts with mental health workers, Employment and Income Assistance, the City of Winnipeg and Provincial Health Departments, the City of Winnipeg Police Department's Community Relations and Community Credit Counselling Services.

8 (c) **Residential Tenancies Branch**

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	2,776.6	55.50	2,753.1	23.5	
Other Expenditures	686.4		694.8	(8.4)	
Total Sub-Appropriation	**3,463.0**	**55.50**	**3,447.9**	**15.1**	

Financial Institutions Regulations Branch

The Financial Institutions Regulations Branch has been in existence since April 2000 resulting from the amalgamation of the Insurance and Trust, Cooperatives and Credit Union Regulation branches.

The mandate of the branch is:

- To provide a legislative and regulatory framework that promotes the orderly growth and development of cooperatives, credit unions and caisses populaires, and the insurance industry in Manitoba;
- To protect the public while facilitating the transaction of the business of insurance;
- To regulate and license private insurance companies;
- To license hail insurance agents, hail insurance adjusters and accident and baggage insurance agents. Oversee the Insurance Council of Manitoba in its role to license and supervise the activities of all other insurance agents and adjusters;
- To issue business authorizations to trust and loan corporations to do business in Manitoba;
- To provide a legislative and regulatory framework to safeguard the funds gathered from the public and ensure the prudent investment of those funds;
- To protect members of cooperatives, credit unions and caisses populaires through the administration of *The Cooperatives Act*, *The Credit Unions and Caisses Populaires Act* and corresponding regulations;
- To monitor the financial and operational performance of the Credit Union Deposit Guarantee Corporation, La Société d'assurance-dépôts des Caisses Populaires, The Credit Union Central of Manitoba and La Fédération des Caisses Populaires du Manitoba;
- To maintain a registry for cooperatives, credit unions and caisses populaires, assist with the incorporation of such entities and provide advice on statutory matters including issuing securities to members; and
- To review existing legislation and recommend changes where appropriate.

The Financial Institutions Regulation Branch administers the following statutes:

- *The Cooperatives Act*
- *The Credit Unions and Caisses Populaires Act*
- Part XXIV of *The Corporations Act* (Trust and Loan Corporations)
- *The Insurance Act*
- *The Insurance Corporations Tax Act*, and
- *The Marine Insurance Act*.

In addition, the tax under the regulations of *The Fires Prevention and Emergency Response Act* is collected on behalf of the Fire Commissioners Office.

To accomplish its mandate the branch engaged in the following activities:

Inquiries

- Answered more than 8,000 inquiries of a general nature about financial institutions, financial services and cooperatives;
- Answered questions from financial institutions and cooperatives on the legislative and regulatory requirements in Manitoba;
- Responded to inquiries and complaints from consumers and members; and
- Mediated disputes between consumers and insurance companies and between members and their cooperative, credit union or caisse populaire with 135 complaint files processed.

Monitoring of Financial Institutions

- Assessed the financial performance and operational programs of Credit Union Central of Manitoba and La Fédération des Caisses Populaires du Manitoba Inc;
- Assessed the adequacy of controls for lending and other risks in the credit union and caisses populaires systems;
- Assessed the financial performance and the effectiveness of the programs carried out by The Credit Union Deposit Guarantee Corporation and La Société d'assurance-dépôts des caisses populaires;
- In partnership with the Office of the Superintendent of Financial Institutions Canada, inspected for solvency the 7 Manitoba insurers and one Manitoba incorporated trust company;
- Prepared the Annual Report on insurance companies required by *The Insurance Act*; and
- Reviewed the annual returns from 51 federal and extra-provincial trust and loan corporations operating in Manitoba and reviewed areas of concern with the primary regulators from the incorporating jurisdictions.

Licensing and Business Authorizations

- Licensed insurance companies for the transaction of the business of insurance in Manitoba;
- Licensed hail insurance agents, accident and baggage insurance agents and hail adjusters; and
- Reviewed and approved 3 amended business authorizations for federal and extra-provincial trust and loan corporations operating in Manitoba.

Incorporation

- Assisted in the incorporation process of new cooperatives, as well as in amending the articles of incorporation and by-laws of cooperatives;
- Assisted in the amending of the articles and by-laws of credit unions and caisses populaires; and
- Developed information kits and model bylaws for different types of cooperatives.

Other

- Monitored the regulatory activities of the Insurance Council of Manitoba. The Insurance Council of Manitoba has delegated responsibility for setting entry level standards, examinations and licensing of insurance agents, brokers and adjusters and for reviewing and investigating the conduct of these persons and taking disciplinary action as required;
- Arranged and assisted the Tribunal hearings for terminations of memberships of members of housing cooperatives;
- Maintained a central registry for the orderly filing of all documents required under *The Credit Unions and Caisses Populaires Act* and *The Cooperatives Act;*
- Recommended amendments to *The Credit Unions and Caisses Populaires Act* and regulations;
- Continued the consultation to recommend amendments to *The Insurance Act;*
- Collected the premium tax under *The Insurance Corporations Tax Act;* and
- Collected the tax under *The Fires Prevention and Emergency Response Act.*

Client Services

Monitored stakeholders' satisfaction by surveying each insurance company and one in three consumers that comes into contact with the branch as a result of our mediation role. Our satisfaction rate is 84%.

Trust and Loan Corporations

As at March 31, 2004 there were 52 trust and loan corporations operating in Manitoba. Of that number, one is a Manitoba incorporated trust and loan corporation while the other 51 are federal and extra-provincial trust and loan corporations.

Credit Unions/Caisse Populaires

Following are the consolidated statistics from the credit union and caisse populaires systems operating in Manitoba at December 31:

Credit Unions	2001	2002	2003
Total Assets	$6.6 billion	$7.4 billion	$8.3 billion
Total Deposits	$6.2 billion	$6.8 billion	$7.7 billion
Total Loans	$5.3 billion	$6.0 billion	$6.7 billion
Members	455,000	472,000	492,000
No. of credit unions/locations	61/171	56/172	57/175

Caisses Populaires	2001	2002	2003
Total Assets	$537 million	$570 million	$552 million
Total Deposits	$496 million	$527 million	$510 million
Total Loans	$431 million	$475 million	$464 million
Members	32,856	33,486	30,282
Number of caisses/locations	9/31	9/31	7/29

Cooperatives

As at March 31, 2004 there were 366 cooperatives with over 274,000 active members operating in Manitoba categorized as follows:

Classification of Cooperatives	2002/2003	2003/2004
Housing	56	56
Consumer	58	58
Day-care	46	45
Community Service	23	26
Utility	46	43
Marketing	42	39
Recreational and community clubs	32	32
Farmers Markets	11	9
Agriculture/Producer	15	16
Cattle Feeders	11	11
Employment	12	15
Fishing	10	9
Communications and Transportation	8	7
TOTAL	**370**	**366**

During 2003/2004, 12 new cooperatives were incorporated or revived while 16 cooperatives dissolved or eliminated through discontinuance.

Insurance

A summary of insurance related activities included:

ACTIVITY REPORT			
DESCRIPTION	**2001/2002**	**2002/2003**	**2003/2004**
Telephone Enquiries Received	9,554	8,218	7,880
Complaint Files Processed	139	163	135
Public Relations Engagement	7	4	0
Press Interviews	3	0	3
TOTAL	**9,703**	**8,385**	**8,018**

Summary comparisons of licensing and complaint activities performed by the branch and Insurance Council of Manitoba are as follows:

LICENSING OF INSURANCE COMPANIES			
DESCRIPTION	**2001/2002**	**2002/2003**	**2003/2004**
Federal	219	214	212
Provincial	43	43	44
TOTAL	**262**	**257**	**256**

LICENCES ISSUED BY SUPERINTENDENT OF INSURANCE OFFICE			
DESCRIPTION	**2001/2002**	**2002/2003**	**2003/2004**
Hail Agents	318	388	367
Accident and Baggage Agents	424	506	494
Miscellaneous Agents	5	4	4
Agents Sub-Total	**747**	**898**	**865**
Hail Adjusters	24	22	75*
Special Brokers Licences	6	6	6
TOTAL	**777**	**926**	**946**
Agents Licences Cancelled or Denied By Superintendent of Insurance	N/A	N/A	N/A

- Saskatchewan licensed hail adjusters for the first time in 2003 and the number of licences issued to Saskatchewan adjusters operating in Manitoba increased.

LICENCES ISSUED BY INSURANCE COUNCIL OF MANITOBA			
DESCRIPTION	**2001/2002**	**2002/2003**	**2003/2004**
Life Agents	2,378	2,490	2,368
General Agents	2,203	2,346	2,548
Accident and Sickness Agents	1,408	1,558	1,512
Automobile Agents	6	8	7
Agents Total	**5,995**	**6,402**	**6,435**
Adjusters	77	73	70
Assistant Adjusters	7	9	7
Adjusters Total	**84**	**82**	**77**
TOTAL	**6,079**	**6,484**	**6,512**

LICENCES CANCELLED, SUSPENDED, REVOKED OR REFUSED BY INSURANCE COUNCIL OF MANITOBA

DESCRIPTION	2001/2002	2002/2003	2003/2004
Agent Licences Cancelled	*94	**68	**27
Agent Licences Suspended	8	10	1
Agent Licences Revoked	0	2	2
Agent Licences Refused	2	2	10
Suspension, fines and costs	0	0	2
Suspension and costs	0	0	4
Fines and costs	0	8	7
TOTAL	**104**	**90**	**53**

* 23 cancelled due to failure to complete level of upgrading, 4 for failure to maintain Errors and Omissions Insurance.

** 57 cancelled due to failure to complete level of upgrading, 11 for failure to maintain Errors and Omissions Insurance.

INSURANCE AGENT AND AJUSTER LICENCING EXAMINATIONS BY INSURANCE COUNCIL OF MANITOBA

	WRITTEN		PASSED		FAILED	
	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003
LIFE	*457	892	311	492	146	400
GENERAL	56	24	13	5	43	19
ACCIDENT and SICKNESS	*24	326	15	229	9	97
Agents Total	**537**	**1,242**	**339**	**726**	**198**	**516**
ADJUSTER	8	6	6	6	2	0
GRAND TOTAL	**545**	**1,248**	**345**	**732**	**200**	**516**

* Fewer examinations taken since significant number of agents qualified in 2002 prior to the introduction of new entry level examination.

ANALYSIS OF COMPLAINTS - PART ONE

	LIFE		ACCIDENT and SICKNESS		ANNUITIES – R.R.S.P.'S		PERSONAL LINES/ TENANTS and HOMEOWNERS		COMMERCIAL LINES	
DESCRIPTION	**2003/2004**	**2002/2003**	**2003/2004**	**2002/2003**	**2003/2004**	**2002/2003**	**2003/2004**	**2002/2003**	**2003/2004**	**2002/2003**
Claims	1	4	18	34	1	0	17	25	7	2
Application Rejected/ Renewal Refused	0	2	3	2	0	0	6	4	0	3
Premium Payments	13	14	1	5	1	2	6	1	2	1
Replacements	1	0	0	0	0	0	0	0	0	0
Claims Tactics	0	0	0	1	0	0	0	1	0	0
Selling Tactics	3	6	0	3	1	1	3	4	2	1
Miscellaneous	3	1	2	1	0	0	0	1	0	1
Totals	**21**	**27**	**24**	**46**	**3**	**3**	**32**	**36**	**11**	**8**

ANALYSIS OF COMPLAINTS - PART TWO

	HAIL		TRAVEL		FARM		MISCELLANEOUS LINES – LIVESTOCK, BAGGAGE, WARRANTIES, EXTENDED AUTO COVERAGE ETC.	
DESCRIPTION	**2003/2004**	**2002/2003**	**2003/2004**	**2002/2003**	**2003/2004**	**2002/2003**	**2003/2004**	**2002/2003**
Claims	0	1	3	3	0	0	4	1
Application Rejected/ Renewal Refused	0	0	0	0	1	0	0	0
Premium Payments	0	0	0	0	0	0	0	3
Selling Tactics	1	2	0	0	0	0	1	1
Sales Promotion and Advertising	0	0	0	0	0	0	0	1
Miscellaneous	0	0	0	0	0	0	34	31
Totals	**1**	**3**	**3**	**3**	**1**	**0**	**39**	**37**

COMPLAINT STATISTICS - INSURANCE COUNCIL OF MANITOBA			
DESCRIPTION	**2001/2002**	**2002/2003**	**2003/2004**
Number of Complaints Opened	138	120	118
Number of Complaints Dealt With	142	*118	126
Number of Complaints Outstanding At March 31st	41	43	35

*There were 41 complaints carried forward.

NEW COMPLAINTS PER COUNCIL			
DESCRIPTION	**2001/2002**	**2002/2003**	**2003/2004**
Adjusters Council	5	7	5
General Council	30	31	38
Life Council	103	82	75

8 (d) Financial Institutions Regulations Branch

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	594.0	11.50	687.3	(93.3)	*1*
Other Expenditures	161.6		261.3	(99.7)	*2*
Total Sub-Appropriation	**755.6**	**11.50**	**948.6**	**(193.0)**	

1. *Under expenditure is primarily due to position vacancies.*
2. *Under expenditure is essentially due to lower than anticipated consulting and examination costs.*

Claimant Advisor Office – Automobile Injury Compensation Appeals

To assist claimants who do not agree with a decision rendered by the Manitoba Public Insurance Corporation (MPIC) with respect to a bodily injury claim in their appeal of that decision or in their consideration to appeal the decision.

Activities

- Advise claimants who are considering appealing a decision to the Automobile Injury Compensation Appeal Commission;
- Assist and support claimants through the appeal process;
- Represent claimants at appeal hearings when appropriate to do so; and
- Provide information and education to the public to improve the understanding of the appeal process.

Results

Legislation establishing this program received first reading on November 24, 2003. It is anticipated that the program will commence operation in 2004/2005.

8 (e) Claimant Advisor Office - Automobile Injury Compensation Appeals

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits		4.00	110.9	(110.9)	
Other Expenditures			320.0	(320.0)	
Total Sub-Appropriation		**4.00**	**430.9**	**(430.9)**	*1*

1. *Under expenditure is due to delays in the establishment of the Claimant Advisor Office – Automobile Injury Compensation Appeals pending legislative changes.*

Automobile Injury Compensation Appeal Commission

General

The Automobile Injury Compensation Appeal Commission ('the Commission') is a specialist tribunal, established to deal with appeals arising with respect to claims under the Personal Injury Protection Plan (PIPP) of Manitoba Public Insurance Corporation ('MPIC'), more commonly known as the 'no-fault insurance program.'

The Commission was established under *The Manitoba Public Insurance Corporation Act* ('the Act'), which, amongst other things, outlines the powers and responsibilities of the Commission regarding the processing of appeals.

2003/2004 was the tenth full year of the operations of the Commission which now has a complement of nineteen persons: two full-time commissioners, thirteen part-time commissioners, a director, an appeals officer, the secretary to the chief commissioner and an administrative assistant. 189 individuals filed appeals with the Commission respecting 234 MPIC decisions for the 2003/2004 fiscal year. This compares with 164 individuals filing appeals respecting 197 MPIC decisions in the 2002/2003 year. Most of the appeals heard during the 2003/2004 fiscal year relate to injuries sustained in prior years - some as early as 1994. As each year passes the resultant files, in many cases, increase in volume and time spent to review. This is due, in part, to the fact that, when injuries are of a comparatively serious nature and the insurer's initial liability is not disputed, a claimant may be in receipt of income replacement, medical treatment or other coverage from MPIC for an extended period; in such cases, it is only when MPIC decides to terminate benefits that the appeal process is sometimes initiated.

The Appeal Process

Prior to filing an appeal with the Commission, claimants who have sustained a personal injury caused by an automobile accident and who feel themselves aggrieved by a decision of MPIC must have that decision reviewed by the Corporation's Internal Review Officer. Claimants have 60 days to ask for a review.

The Internal Review Officer gives his or her decision in writing, with the reasons for that decision. A claimant who is still dissatisfied may then file a Notice of Appeal with the Commission within 90 days of the review decision. Rights of appeal are explained to the claimant in writing at each step in the processing of a claim.

The Commission can extend the deadline for filing appeals. Claimants who have furnished persuasive reasons for missing the 90-day deadline have been granted extensions. The Commission will continue to consider reasonable requests.

Once a Notice of Appeal has been filed with the Commission, the appellant's complete file is obtained from MPIC. Commission staff review the file and, based on the issue(s) under appeal, create an index of all relevant contents. A copy of the indexed material is provided to both parties. A date is then set for the hearing of that appeal. The Commission makes every effort to hold a hearing with a minimum of delay while, at the

same time, attempting to accommodate the appellant and MPIC. So as to avoid last minute adjournments, the Commission's practice is to set hearing dates only when both parties can confirm that they do not anticipate producing any further medical or other written reports.

A panel of three commissioners, who comprise the quorum prescribed by the Act, hears appeals. 147 hearings and 19 pre-hearing meetings were held in the 2003/2004 fiscal year compared with 118 hearings and 3 pre-hearing meetings held in 2002/2003. Hearings are informal, with the majority of appellants acting without legal representation. The Commission is not bound by the rules of evidence followed by the courts. When viable, the Commission travels to hearings outside of Winnipeg. On occasion, where an appellant lives or works some distance out of Winnipeg, the commissioners have, with the approval of the parties, conducted a hearing by teleconference, using a 'speaker-phone' in the hearing room to enable complete communication between all interested persons; this procedure is useful in particular when few, if any, of the relevant facts are in dispute and it is therefore unnecessary for the panel to weigh evidence and determine credibility. The teleconference call has the added virtue of saving the expense of either bringing the appellant in to the city (sometimes from long distances) or having the entire panel travel to the area where the appellant lives. If, in the course of a telephone hearing, it becomes apparent that the Commission needs actually to see one or more witnesses, the matter will be adjourned for that purpose.

Appellants and MPIC may bring forward new evidence, either written or in the form of oral testimony, to be used at the hearing, in which event they are required to disclose it to the other side in reasonable time prior to the hearing. The commissioners weigh the evidence and the arguments of both the appellant and MPIC in arriving at each decision.

After the hearing, the Commission issues its decision, which, according to the Act may:

(a) confirm, vary or rescind MPIC's review decision; or
(b) make any decision that MPIC could have made.

Decisions, accompanied by the reasons for those decisions, are normally sent to the appellant and to MPIC in writing. A delay in issuing decisions may occur when the commissioners find it necessary to seek further, independent, expert evidence, in which case that evidence is promptly shared with both parties, who are given an opportunity to respond to it before the Commission's decision is finalised.

All of the Commission's reasons for its decisions (other than those that merely adopt the reasons of MPIC's Internal Review Officer) are available through QuickLaw, which is a Canadian company that maintains an electronic database of decisions rendered by courts and tribunals across the country. They are available on a commercial basis. This service should be of particular value to claimants, or representatives who appear at the Commission's hearings.

The Commission's decision is binding, subject only to a right of appeal to the Manitoba Court of Appeal on a point of law or a question of jurisdiction, and then only with prior leave from that court. There were three applications for Leave to Appeal in the 2003/2004 year. The Court of Appeal dismissed all three. There was one application for Leave to Appeal to the Supreme Court of Canada. That application was dismissed as was the application for Judicial Review filed in the Manitoba Court of Queen's Bench. Only five applications for Leave to Appeal to the Court have been successful over the Commission's ten years of operation.

Approximately 20% of appeals heard during the year succeeded in whole or in part.

Performance Targets

The Commission strives to hear and decide appeals fairly, accurately and with reasonable expedition. With this in mind, the Commission has established performance targets.

- The performance target for preparing the indexed file of material to be used at the hearing is five weeks after receipt of MPIC's file and all other additional material.
- The performance target for scheduling hearings is 6 – 8 weeks from the time the parties notify the Commission of their readiness to proceed.

- The performance target for rendering written decisions is 6 weeks following the hearing and receipt of all required information.

The Commission has experienced a significant increase in the number of appeals filed – 34% in 2002/2003 and 20% in 2003/2004. This increase in volume has resulted in the following average turnaround times for 2003/2004: 11.6 weeks to prepare the indexed file and 16 weeks from the time the parties are ready to proceed to a hearing and the actual hearing date. The Commission recognizes that this does not meet its performance targets and is making every effort to address this issue. Starting in September 2002, the Commission was able to increase the number of hearings scheduled by increasing the number of individuals who chair hearings. Although there was an increase in the number of hearings held, this was overshadowed by the significant increase in the number of appeals filed. The change did have a positive impact on the turnaround time for rendering decisions. The average turnaround time is 4 weeks.

8 (f) **Automobile Injury Compensation Appeal Commission**

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
Salaries and Employee Benefits	477.0	6.00	442.1	34.9	
Other Expenditures	147.1		126.9	20.2	
Total Sub-Appropriation	**624.1**	**6.00**	**569.0**	**55.1**	

Residential Tenancies Commission

The Residential Tenancies Commission is a quasi-judicial, specialist tribunal which hears appeals from decisions and orders of the Director under *The Residential Tenancies Act.*

The Commission consists of:

(1) The Chief Commissioner - a full-time position; appointed for up to a five-year term, located in Winnipeg.

(2) Deputy Commissioners – twelve part-time positions; may exercise the powers and perform the duties of the Chief Commissioner; appointed for a two-year term; from Winnipeg, Morden, Brandon and Thompson.

(3) Panel members - thirty-seven panel members – approximately half representing the views of the landlords, the others the views of the tenants; from Winnipeg, The Pas, Thompson and Brandon.

Hearings are before a panel of three: one landlord representative, one tenant representative and a neutral commissioner, either the Chief Commissioner or one of the deputies.

Hearings are chaired by the neutral commissioner; the neutral commissioner also casts the deciding vote if there is a tie.

Hearings outside of Winnipeg are held at the nearest judicial district.

Commission decisions are appealable to the Court of Appeal, but only on a question of error in law or jurisdiction. A Court of Appeal judge must grant leave or permission to appeal. Section 179 of *The Residential Tenancies Act* states, however, that no appeal lies from a decision or order of the Commission made in a matter arising under Part 9, the section dealing with rent regulation. The Commission's decision here is final.

ACTIVITY SUMMARY April 1, 2003 – March 31, 2004		
	Received	**Processed**
Activity:		
Abandonment	0	0
Claims	104	114
Notice	4	3
Mutual Obligation	1	0
Landlord Obligation	2	3
Order of Possession	114	95
Rent Regulation	120	82
Repairs	8	8
Security Deposit	53	67
Tenancy Agreement	1	1
Tenant Obligation	1	0
Utilities	21	22
TOTAL	**429**	**395**

Appeals:		
Landlord initiated		167
Tenant initiated		258
Dual initiated		4
TOTAL		**429**

Decisions:		
Orders confirmed		153
Orders varied		116
Orders rescinded		21
Orders withdrawn		87
Orders rejected		5
Orders cancelled		1
Orders denied		1
Motion to extend time in process		2
Motion to extend time granted		2
Motion to extend time denied		2
Pending		5
TOTAL		**395**

Winnipeg Appeal Hearings:		**313**
Other Appeal Hearings:		
Brandon		10
Dauphin		1
Flin Flon		1
Morden		1
Portage la Prairie		5
Selkirk		3
Steinbach		1
The Pas		1
Thompson		8
Total Winnipeg and Other Appeal Hearings:		**344**

ACTIVITY SUMMARY April 1, 2003 – March 31, 2004		
Activity:	**Received**	**Processed**
Court of Appeal:		
Applications for Leave to Appeal	20	
Denied		17
Pending		5
Granted		0
New Commission Hearing to be held		0
Adjourned Sine Die		0
Withdrawn		0
Settled		0
Court of Appeal Hearings		
Pending		0

8 (g) Residential Tenancies Commission

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000's)	Estimate 2003-2004 FTEs	$(000's)	Variance Over/(Under) $(000's)	Expl. No.
Salaries and Employee Benefits	519.8	4.50	446.6	73.2	1
Other Expenditures	89.7		105.1	(15.4)	
Total Sub-Appropriation	609.5	4.50	551.7	57.8	

1. *Over expenditure is essentially due to severance and vacation payout due to retirement.*

Public Utilities Board

The Public Utilities Board is an independent quasi-judicial body operating under the authority of the Manitoba Legislature.

The Board is responsible for the regulation of public utilities as defined under *The Public Utilities Board Act*. These public utilities include:

- Centra Gas Manitoba Inc. - natural gas distribution
- Stittco Utilities Man Ltd. - propane distribution
- Swan Valley Gas Corporation - natural gas distribution
- Water and Sewer Utilities - excluding the City of Winnipeg

In addition to rate regulation of the above noted public utilities, the Board, pursuant to *The Gas Pipe Line Act* reviews related utilities' operations to ensure that natural gas and propane are distributed to Manitoba consumers in a safe manner.

Several other enactments which assign regulatory or adjudicative responsibilities to the Board are:

- *The Greater Winnipeg Gas Distribution Act*
- *The Gas Allocation Act*
- *The Prearranged Funeral Services Act*
- *The Cemeteries Act*
- *The Manitoba Water Services Board Act* (Appeals)
- *The Highways Protection Act* (Appeals)

With respect to *The Crown Corporations Public Review and Accountability Act*, the Board is also responsible for rate regulation of compulsory drivers and vehicle insurance premiums charged by Manitoba Public Insurance Corporation and the rates charged by Manitoba Hydro.

During the fiscal year, the Board convened 27 board meetings, 65 public hearing days and 2 pre-hearing conference days. A total of 185 formal orders were issued which included the following:

Water and Sewer Utilities	60
Natural Gas Utilities and Propane	26
Municipal Gas Appeals	4
Energy Savings Appeals	3
Highways Protection Act	7
Manitoba Hydro Act	63
Manitoba Public Insurance	6
The Cemeteries Act	7
The Gas Pipe Line Act	3
Disconnection	8

With respect to *The Prearranged Funeral Services Act*, 23 renewal licences were licensed to sell for this fiscal year. In addition, there were 9 applications filed for acknowledgement of revisions in prearranged funeral fees for caskets and services. The Board continued to review and monitor the annual reports filed by licensees and their trustees with regard to prearranged funeral plans being sold and contracted funds in trust.

With respect to renewals under *The Cemeteries Act*, the Board issued the following licence renewals for this fiscal year: 11 cemetery and 1 initial licence, 31 columbariums and mausoleums, and 13 crematoria and 3 initial crematoria licences. 84 licences were also issued to sales personnel on behalf of, and for, owners of cemeteries. In addition, 10 applications for a revision of fees for spaces, materials and services were authorized.

The Board issued 12 renewals and 1 initial registration to brokers of natural gas. The Board dealt with a number of public enquiries and had several discussions with brokers and other members of the industry.

The Board supervised the Service Disconnection and Reconnection Policy and Procedures of Centra Gas Manitoba Inc., Gladstone Austin Natural Gas Co-op Ltd., Swan Valley Gas Corporation and Stittco Utilities Man Ltd. In this regard the Board received a number of customer enquiries and complaints and 7 appeal hearings were required.

[illegible]

Expenditure by Sub-Appropriation	Actual 2003-2004 $000s	FTEs	Estimate 2003-2004 $000s	Variance (Over)/Under $000s	Expl No.
Salaries and Employee Benefits	479.0	7.00	532.8	(53.8)	
Other Expenditures	561.6		602.4	(40.8)	1
Total Sub-Appropriation	1,040.6	7.00	1,135.2	(94.6)	

1. *Under expenditure is essentially due to a reduction in general operating costs.*

Capital Investment

Capital investment is provided in the Estimates of Expenditures under Part B. For the year ended March 31, 2004, the department's capital authority provided for the continued development of the Residential Tenancies Branch (RTB) Re-engineering project. Support for internal reform initiatives involving the use of information technology in the delivery of government's services, including the Better Systems Initiative, are reported separately.

Part B Capital Investment

Expenditures by Sub-Appropriation	Actual 2003-2004 $(000s)	Estimate 2003-2004 FTEs	Estimate 2003-2004 $(000s)	Variance Over/(Under) $(000s)	Expl. No.
8.6 Finance					
Consumer and Corporate Affairs	389.9		480.0	(90.1)	1
Total Sub-Appropriation	**389.9**		**480.0**	**(90.1)**	

1. *Under expenditure is due to delays in development/deployment of the Residential Tenancies Branch Re-Engineering project (Phase 1) that is now planned for completion in 2004/05.*

Sustainable Development

The department is committed to the Principles and Guidelines set out in *The Sustainable Development Act* and works to incorporate them in department activities, programs and business practices.

The following activities continued throughout 2003/2004:

- A Planning Committee, with department-wide representation, continued its efforts to identify opportunities for the department to contribute to the sustainable development initiative;
- The department maintained its sustainable development homepage on the *Intranet* as a department link to *The Sustainable Development Act* and the Green Procurement page of the Procurement Services Branch, Manitoba Transportation and Government Services;
- "Green" products and recycled materials were purchased where available including the purchase of recycled copy paper;
- The department continued its effort to identify gaps in supply and demand for products and inform Materials Distribution Agency (MDA) accordingly;
- The department continued the recycling of various materials; and
- Departmental staff assigned fleet vehicles used ethanol-blended gasoline where available.

Part A – Operating Expenditure
Manitoba Finance
Reconciliation Statement
($000s)

Details	2003-2004 Estimate
2003-2004 Main Estimates	$429,416.6
Main Estimates Authority Transferred from:	
- Enabling Appropriations:	
▪ Canada-Manitoba Enabling Vote	650.0
▪ Internal Reform, Workforce Adjustment and General Salary Increases	505.0
2003-2004 Estimate	**$430,571.6**

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year ($000s)

Estimate 2003-2004		Appropriation	Actual 2003-2004	Actual 2002-2003	Increase (Decrease)	Explanation Number
	07- 1	ADMINISTRATION AND FINANCE				
29.0	(a)	Minister's Salary	28.8	28.3	0.5	
	(b)	Executive Support				
434.6		Salaries and Employee Benefits	406.7	393.2	13.5	
84.7		Other Expenditures	90.8	92.6	(1.8)	
	(c)	Financial and Administrative Services				
329.7		Salaries and Employee Benefits	282.5	256.6	25.9	
69.6		Other Expenditures	66.3	52.4	13.9	1
19.0	(d)	Tax Appeals Commission	18.5	16.6	1.9	
	(e)	French Language Services Secretariat				
524.8		Salaries and Employee Benefits	533.7	416.1	117.6	2
485.2		Other Expenditures	386.7	340.7	46.0	
	(f)	Human Resource Services				
[illegible]		Salaries and Employee Benefits	478.9	503.5	(24.6)	
139.3		Other Expenditures	57.1	78.1	(21.0)	3
2,608.5		Subtotal 07- 1	2,350.0	2,178.1	171.9	
	07- 2	TREASURY				
	(a)	Administration				
108.1		Salaries and Employee Benefits	111.1	106.6	4.5	
102.6		Other Expenditures	113.4	71.7	41.7	4
	(b)	Capital Finance				
301.7		Salaries and Employee Benefits	313.4	290.9	22.5	
33.4		Other Expenditures	30.8	32.0	(1.2)	
	(c)	Money Management and Banking				
467.2		Salaries and Employee Benefits	443.1	421.2	21.9	
75.1		Other Expenditures	60.5	65.8	(5.3)	
	(d)	Treasury Services				
546.1		Salaries and Employee Benefits	557.7	522.9	34.8	
47.7		Other Expenditures	47.5	52.2	(4.7)	
1,681.9		Subtotal 07- 2	1,677.5	1,563.3	114.2	

Manitoba Finance

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year ($000s)

Estimate 2003-2004		Appropriation	Actual 2003-2004	Actual 2002-2003	Increase (Decrease)	Explanation Number
	07- 3	COMPTROLLER				
	(a)	Comptroller's Office				
146.9		Salaries and Employee Benefits	150.9	144.8	6.1	
18.5		Other Expenditures	28.4	26.4	2.0	
	(b)	Information Technology Services				
481.5		Salaries and Employee Benefits	434.6	272.1	162.5	5
72.7		Other Expenditures	58.1	63.8	(5.7)	
	(c)	Disbursements and Accounting				
2,001.2		Salaries and Employee Benefits	2,091.5	2,024.3	67.2	
879.0		Other Expenditures	838.2	869.2	(31.0)	
(478.6)		Less: Recoverable from Other Appropriations	(447.4)	(315.7)	(131.7)	6
	(d)	Financial Systems Support				
946.6		Salaries and Employee Benefits	945.7	904.3	41.4	
105.0		Other Expenditures	88.4	105.0	(16.6)	
	(e)	Internal Audit and Consulting Services				
1,803.9		Salaries and Employee Benefits	1,644.1	1,541.5	102.6	
208.3		Other Expenditures	195.1	190.6	4.5	
6,185.0		Subtotal 07- 3	6,027.6	5,826.3	201.3	

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year ($000s)

Estimate 2003-2004		Appropriation	Actual 2003-2004	Actual 2002-2003	Increase (Decrease)	Explanation Number
	07-4	TAXATION				
	(a)	Management and Research				
1,210.2		Salaries and Employee Benefits	1,126.3	988.8	137.5	
175.0		Other Expenditures	147.8	145.6	2.2	
	(b)	Taxation Administration				
3,162.2		Salaries and Employee Benefits	3,228.0	3,051.9	176.1	
3,641.1		Other Expenditures	6,120.0	9,762.3	(3,642.3)	7
	(c)	Audit				
5,613.4		Salaries and Employee Benefits	5,247.4	5,131.2	116.2	
1,061.9		Other Expenditures	909.5	933.0	(23.5)	
	(d)	Tobacco Interdiction				
587.4		Salaries and Employee Benefits	500.1	496.7	3.4	
251.5		Other Expenditures	226.2	240.0	(13.8)	
15,702.7		Subtotal 07-4	17,505.3	20,749.5	(3,244.2)	
	07-5	FEDERAL-PROVINCIAL RELATIONS AND RESEARCH				
	(a)	Economic and Federal-Provincial Research				
1,476.2		Salaries and Employee Benefits	1,512.3	1,405.9	106.4	
1,053.6		Other Expenditures	1,166.8	1,329.7	(162.9)	
	(b)	Manitoba Tax Assistance Office				
389.7		Salaries and Employee Benefits	260.6	301.7	(41.1)	
124.0		Other Expenditures	90.5	76.0	14.5	
3,033.5		Subtotal 07-5	3,030.2	3,113.3	(83.1)	

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year ($000s)

Estimate 2003-2004		Appropriation	Actual 2003-2004	Actual 2002-2003	Increase (Decrease)	Explanation Number
	07- 6	INSURANCE AND RISK MANAGEMENT				
352.2	(a)	Salaries and Employee Benefits	349.4	312.5	36.9	
58.5	(b)	Other Expenditures	47.5	50.0	(2.5)	
2,322.0	(c)	Insurance Premiums	2,387.8	1,919.6	468.2	8
(2,322.0)	(d)	Less: Recoverable from Other Appropriations	(2,387.8)	(1,919.6)	(468.2)	8
410.7		Subtotal 07- 6	396.9	362.5	34.4	
	07- 7	TREASURY BOARD SECRETARIAT				
4,686.3	(a)	Salaries and Employee Benefits	4,130.3	3,842.9	287.4	
674.4	(b)	Other Expenditures	905.7	824.9	80.8	
5,360.7		Subtotal 07- 7	5,036.0	4,667.8	368.2	

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year ($000s)

Estimate 2003-2004		Appropriation	Actual 2003-2004	Actual 2002-2003	Increase (Decrease)	Explanation Number
	07- 8	CONSUMER AND CORPORATE AFFAIRS				
	(a)	Administration and Research				
874.8		Salaries and Employee Benefits	901.6	714.3	187.3	9
288.5		Other Expenditures	244.2	237.4	6.8	
(190.0)		Less: Recoverable from Other Appropriations	(190.0)	(185.0)	(5.0)	
	(b)	Consumers' Bureau				
921.0		Salaries and Employee Benefits	1,002.0	930.2	71.8	
249.6		Other Expenditures	208.8	221.4	(12.6)	
88.7		Grants	88.7	90.7	(2.0)	
	(c)	Residential Tenancies Branch				
2,753.1		Salaries and Employee Benefits	2,776.6	2,610.7	165.9	
694.8		Other Expenditures	686.4	706.4	(20.0)	
	(d)	Financial Institutions Regulation				
687.3		Salaries and Employee Benefits	594.0	608.0	(14.0)	
261.3		Other Expenditures	161.6	241.6	(80.0)	10
	(e)	Claimant Advisor Office - Automobile Injury Compensation Appeals				
110.9		Salaries and Employee Benefits				11
320.0		Other Expenditures				11
	(f)	Automobile Injury Compensation Appeal Commission				
442.1		Salaries and Employee Benefits	477.0	467.3	9.7	
126.9		Other Expenditures	147.1	117.3	29.8	12
	(g)	Residential Tenancies Commission				
446.6		Salaries and Employee Benefits	519.8	467.1	52.7	
105.1		Other Expenditures	89.7	94.3	(4.6)	
	(h)	Public Utilities Board				
532.8		Salaries and Employee Benefits	479.0	463.3	15.7	
682.4		Other Expenditures	561.6	589.4	(27.8)	
9,375.9		Subtotal 07- 8	8,748.1	8,374.4	373.7	

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year ($000s)

Estimate 2003-2004		Appropriation	Actual 2003-2004	Actual 2002-2003	Increase (Decrease)	Explanation Number
	07- 9	AMORTIZATION AND OTHER COSTS RELATED TO CAPITAL ASSETS				
	(a)	Desktop Services				
180.6		Amortization Expense - Hardware and Transition	180.6	449.2	(268.6)	
		Amortization Expense - Enterprise Software		75.2	(75.2)	
201.1		Enterprise Software Licenses	201.1	201.1		
2,137.2	(b)	Amortization Expense	2,078.0	1,002.3	1,075.7	
1,591.7	(c)	Interest Expense	1,560.5	686.7	873.8	
4,110.6		Subtotal 07- 9	4,020.2	2,414.5	1,605.7	13
	07-10	NET TAX CREDIT PAYMENTS				
176,437.8		Manitoba Education Property Tax Credit	177,616.8	174,849.4	2,767.4	
49,575.0		Personal Tax Credit	46,913.8	49,200.9	(2,287.1)	
3,112.4		Pensioners' School Tax Assistance	2,986.0	2,809.4	176.6	
1,146.8		Political Contribution Tax Credit	1,084.9	607.7	477.2	
505.0		Environmentally Sensitive Areas Tax Credit	2.1	1.0	1.1	
875.0		Federal Administration Fee	866.4	861.7	4.7	
		Manitoba Learning Tax Credit	362.0	310.6	51.4	
		Less: Recoverable from Education and Youth:				
(176,437.8)		Manitoba Education Property Tax Credit	(177,616.8)	(174,849.4)	(2,767.4)	
(3,112.4)		Pensioners' School Tax Assistance	(2,986.0)	(2,809.4)	(176.6)	
		Less: Recoverable from Advanced Education and Training				
-		Manitoba Learning Tax Credit	(362.0)	(310.6)	(51.4)	
51,802.1		Subtotal 07-10	48,867.2	50,671.3	(1,804.1)	14

Part A: Operating Expenditure Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year ($000s)

Estimate 2003-2004		Appropriation	Actual 2003-2004	Actual 2002-2003	Increase (Decrease)	Explanation Number
	07-11	PUBLIC DEBT				
	(a)	Interest on:				
1,240,319.2		the Public Debt of Manitoba and related expenses	1,183,124.9	1,271,110.3	(87,985.4)	
67,930.0		Trust and Special Funds	29,953.9	38,464.6	(8,510.7)	
	(b)	Less: Interest and Other Charges to be received from:				
(231,900.0)		Sinking Fund Investments	(231,442.8)	(252,953.8)	21,511.0	
(560,320.9)		Manitoba Hydro	(525,322.2)	(576,654.8)	51,332.6	
(31,671.9)		Manitoba Housing and Renewal Corporation	(30,626.4)	(32,085.8)	1,459.4	
(20,220.2)		Manitoba Agricultural Credit Corporation	(19,872.5)	(20,215.9)	343.4	
(10,976.6)		Other Government Agencies	(11,829.7)	(11,746.4)	(83.3)	
(81,727.0)		Other Loans and Investments	(62,240.6)	(74,759.7)	12,519.1	
(22,092.2)		Other Appropriations	(21,162.7)	(19,739.0)	(1,423.7)	
331,000.0		Subtotal 07-11	310,581.9	321,419.5	(10,837.6)	15
830,171.6		Total Expenditures	408,240.9	421,340.5	(13,099.6)	

Manitoba Finance

Expenditure Variance Explanations

for expenditures for the fiscal year ended March 31, 2004 as compared to figures for the previous fiscal year

Explanation Number:

1. Increase is due to increased operating expenditures for legal services, printing and desktop related costs.
2. Increase is due to full-year costs of positions filled during 2002/03 (includes bilingual service centres receptionists).
3. Decrease is due to rationalization of expenditures emanating from a reorganization of the Human Resource Services sector.
4. Increase is due to costs associated with the renovations arising from the division's reorganization.
5. Increase essentially reflects the reduction in seconded salary recoveries from Better Systems Initiative (BSI) in 2003/04 associated with the implementation of the Integrated Taxation System in 2002/03 and general salary increase.
6. Increase is due to the implementation of the Direct Service Workers payroll and increased rates.
7. Decrease is essentially due to an additional provision for allowance for doubtful accounts on extraordinary and specific accounts receivables in 2002/03.
8. Increase is essentially due to premium rate increases offset by corresponding recoveries from other appropriations.
9. Increase is essentially due to the reduction in BSI recoveries and full-year costs for the Assistant Deputy Minister's office that was established mid-2002/03 and general salary increase.
10. Decrease is essentially due to lower than anticipated consulting and examination costs in 2003/04.
11. Establishment of the Claimant Advisor Office – Automobile Injury Compensation Appeals has been delayed pending legislative changes.
12. Increase is essentially due to significant increase in the number of appeal hearings and the acquisition of replacement workstations in 2003/04.
13. Net increase is primarily due to full-year costs associated with the deployment of the Integrated Taxation System.
14. Net decrease is primarily due to a decrease in the Personal Tax Credit resulting from rising incomes. Increase in the Manitoba Property Tax Credit is offset by recoveries from Education and Youth. Manitoba Learning Tax Credit expenditure reflects prior year adjustment based on final 2002 tax data and is offset by corresponding recovery from Advanced Education and Training.
15. Net decrease is due to foreign exchange rates and interest rates.

Manitoba Finance

Revenue Summary

for the fiscal year ended March 31, 2004 with comparative figures for the previous fiscal year ($000s)

Actual 2002-2003	Actual 2003-2004	Increase (Decrease)		Source	Actual 2003-2004	Estimate 2003-2004	Variance	Expl. No.
				TAXATION				
1,636,167.1	1,720,369.7	84,182.6	a.1	Individual Income Tax	1,720,369.7	1,703,000.0	17,369.7	1
160,512.8	289,104.5	128,591.7	a.2	Corporation Income Tax	289,104.5	270,200.0	18,904.5	2
139,340.1	139,049.1	(291.0)	b	Corporation Capital Tax	139,049.1	148,300.0	(9,250.9)	3
161,058.7	161,856.2	797.5	c	Gasoline Tax	161,856.2	161,900.0	(43.8)	
48,500.6	56,564.4	8,063.8	d	Insurance Corporation Tax	56,564.4	44,973.4	11,591.0	4
18,370.4	18,304.5	(65.9)	e	Land Transfer Tax	18,304.5	14,100.0	4,204.5	5
257,291.8	267,816.7	10,524.9	f	Levy for Health and Education	267,816.7	263,400.0	4,416.7	6
142.2	7.9	(134.3)	g	Succession Duty and Gift Tax	7.9	0.0	7.9	
71.1	71.3	0.2	h	Mining Claim Lease Tax	71.3	72.0	(0.7)	
17,841.1	21,895.0	4,053.9	i	Mining Tax	21,895.0	17,000.0	4,895.0	7
70,131.8	71,308.0	1,176.1	j	Motive Fuel Tax	71,308.0	69,400.0	1,908.0	8
1,036,583.5	1,064,239.4	27,655.9	k	Retail Sales Tax	1,064,239.4	1,057,800.0	6,439.4	9
71,071.9	71,193.1	121.3	l	Revenue Act, 1964, Part I	71,193.1	69,000.0	2,193.1	10
190,508.6	190,289.2	(219.4)	m	Tobacco Tax	190,289.2	190,400.0	(110.8)	11
3,212.7	3,237.6	24.9	n	Environmental Protection Tax	3,237.6	3,000.0	237.6	
3,767,514.4	4,075,306.6	307,792.2		Subtotal	4,075,306.6	4,012,545.4	62,761.2	
				OTHER REVENUE				
676.0	720.1	44.1	a	Automobile Injury Appeals Commission Cost Recovery	720.1	667.9	52.2	
0.0	0.0	0.0	b	Claimant Advisor Office Cost Recovery	0.0	430.9	(430.9)	12
1,383.8	1,503.8	120.0	c	Consumer Affairs Fees	1,503.8	1,274.2	229.6	13
825.0	807.4	(17.6)	d	Insurance Act Fees and Cost Recovery	807.4	814.0	(6.6)	
1,488.4	1,355.9	(132.5)	e	Public Utilities Board Cost Recovery	1,355.9	1,373.0	(17.1)	
30,920.9	19,777.4	(11,143.5)	f	Refund of Prior Years' Expenditures	19,777.4	2,000.0	17,777.4	14
253.3	244.8	(8.5)	g	Trust and Loan Fees	244.8	265.0	(20.2)	
498.3	838.5	340.2	h	Sundry	838.5	388.3	450.2	15
36,045.7	25,247.9	(10,797.8)		Subtotal	25,247.9	7,213.3	18,034.6	
				GOVERNMENT OF CANADA				
1,337,925.0	1,413,790.0	75,865.0	a	Equalization	1,413,790.0	1,387,900.0	25,890.0	16
755,985.0	753,587.0	(2,398.0)	b	Canada Health and Social Transfer (CHST)	753,587.0	763,500.0	(9,913.0)	17
2,247.3	2,272.1	24.8	c	Government of Canada Subsidy	2,272.1	2,200.0	72.1	
0.0	163,882.5	163,882.5	d	Canada Health and Social Transfer Supplement	163,882.5	163,600.0	282.5	18
2,096,157.3	2,333,531.6	237,374.3		Subtotal	2,333,531.6	2,317,200.0	16,331.6	
5,899,717.4	6,434,086.1	534,368.7		Total	6,434,086.1	6,336,958.7	97,127.4	

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2004

EXPLANATION NUMBER

1 **Individual Income Tax:** $84,182.6 over 2002/2003 Actual
$17,369.7 over 2003/2004 Estimate

Total Individual Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

The increase from 2002/2003 actual and from 2003/2004 estimate reflects adjustments for in-year entitlements.

2 **Corporation Income Tax:** $128,591.7 over 2002/2003 Actual
$18,904.5 over 2003/2004 Estimate

Total Corporation Income Tax revenue consists of advance payments from the federal government for the tax years falling within the fiscal year, plus or minus adjustments for prior years based on actual tax returns assessed by Revenue Canada.

The increase from 2002/2003 actual and from 2003/2004 estimate reflects adjustments for in-year entitlements (includes national corporate taxable income in 2003).

3 **Corporation Capital Tax:** $9,250.9 under 2003/2004 Estimate

Decrease from 2003/2004 estimate reflects lower levels of taxable capital reported by corporations and reduced capital tax instalment/revenue in the current year.

4 **Insurance Corporation Tax:** $8,063.8 over 2002/2003 Actual
$11,091.0 over 2003/2004 Estimate

Increase from 2002/2003 actual and 2003/2004 estimate reflects greater market penetration and higher premiums being charged.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2004

EXPLANATION NUMBER		
1.	Land Transfer Tax:	$2,934.1 over 2002/2003 Actual $4,204.5 over 2003/2004 Estimate

Increase from 2002/2003 actual and 2003/2004 estimate is essentially due to large transfer taxes for Manitoba Hydro and TD Centre, general increase in property value and stronger than anticipated Winnipeg real estate market due to continued low interest rates.

2.	Levy for Health and Education:	$10,124.9 over 2002/2003 Actual $4,416.7 over 2003/2004 Estimate

Increase from 2002/2003 actual and 2003/2004 estimate reflects wage growth as well as continued low unemployment levels.

3.	Mining Tax:	$4,353.9 over 2002/2003 Actual $4,895.2 over 2003/2004 Estimate

Increase from 2002/2003 actual and 2003/2004 estimate is due to increased world base metal prices resulting in higher taxable profits by Manitoba mining companies.

4.	Motive Fuel Tax:	$1,176.1 over 2002/2003 Actual $1,938.2 over 2003/2004 Estimate

Increase from 2002/2003 actual and 2003/2004 estimate is due to an increase in diesel consumption resulting from increased construction and commercial trucking activity.

5.	Retail Sales Tax:	$17,855.9 over 2002/2003 Actual $6,439.4 over 2003/2004 Estimate

Increase from 2002/2003 actual and 2003/2004 estimate reflects economic growth and an increase in construction activity in Manitoba.

Revenue Variance Explanations

for the fiscal year ended March 31, 2004

EXPLANATION NUMBER:

10. **Revenue Act, 1964, Part 1:** $2,193.1 over 2003/2004 Estimate

Increase from 2003/2004 estimate is due to increase in natural gas prices and increased consumption of hydro and natural gas due to a colder than normal winter.

11. **Tobacco Tax:** $9,780.6 over 2002/2003 Actual

Increase reflects the impact of the higher tax rates.

12. **Claimant Advisor Office Cost Recovery:** $430.9 under 2003/2004 Estimate

Decrease from 2003/2004 estimate is due to delays in the establishment of the Claimant Advisor Office pending legislative changes.

13. **Consumer Affairs Fees:** $229.6 over 2003/2004 Estimate

Increase from 2003/2004 estimate is primarily due to an increase in registrants as well as an increase in registrations of new collectors as a result of out-of-province collection agencies registering in Manitoba.

14. **Refund of Prior Years' Expenditures:** $17,974.0 over 2003/2004 Estimate

This account reflects the recognition, in the current year, of revenue arising from the credit adjustment to expenditures made in a prior year for all government departments. Prior year credit adjustments are accounted for on a prospective basis – that is, they are recognized as revenue in the year the adjustment becomes known and is measurable.

Significant adjustments for the current reporting period arise from the following: reversal of expenditures accrued under the Canadian Farm Income Program; reversal of expenditures accrued under Taxation Administration's allowance for doubtful accounts; and the refund of ineligible tax credits under Net Tax Credit Payments.

Manitoba Finance

Revenue Variance Explanations

for the fiscal year ended March 31, 2004

EXPLANATION NUMBER:

15. **Sundry:** $340.2 over 2002/2003 Actual
$450.2 over 2003/2004 Estimate

Increase from the 2002/2003 actual and 2003/2004 estimate is primarily due to the transfer of excess funds from the Assurance Fund and recovery of secondment salaries from external agencies.

16. **Equalization:** $76,165.0 over 2002/2003 Actual
$25,890.0 over 2003/2004 Estimate

Equalization revenue is based on in-year entitlements combined with adjustments to entitlements for prior entitlement years.

17. **Canada Health and Social Transfer:** $2,398.0 under 2002/2003 Actual
$9,913.0 under 2003/2004 Estimate

Decrease from 2002/2003 actual and 2003/2004 estimate is primarily due to the deterioration of income tax data as this data forms part of the calculation of the CHST transfer payments.

18. **Canada Health and Social Transfer Supplement:** $163,882.5 over 2002/2003 Actual

Increase from 2002/2003 actual is due to supplemental transfers based on Manitoba's share of population determined by federal population estimates for applicable years.

Manitoba Finance

Five-Year Operating Expenditure and Staffing Summary by Main Appropriation

for the fiscal years ended March 31, 2000 to March 31, 2004 *

Main Appropriation		1999-2000		2000-2001		2001-2002		2002-2003		2003-2004	
		FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s	FTEs	$000s
Finance:											
07-1	Administration and Finance	29.00	2,160.1	33.00	2,132.6	33.00	2,213.0	33.00	2,178.1	33.00	2,350.0
07-2	Treasury	25.00	1,717.6	25.00	1,705.4	25.00	1,476.8	25.00	1,563.3	25.00	1,677.5
07-3	Comptroller	86.25	6,165.7	92.25	5,618.1	92.25	5,905.6	88.35	5,826.3	88.35	6,027.6
07-4	Taxation	192.92	24,123.5	193.92	14,895.5	195.92	14,975.1	195.92	20,749.5	195.92	17,505.3
07-5	Federal-Provincial Relations and Research	26.25	1,845.8	27.75	2,218.0	29.25	3,510.0	29.25	3,113.3	29.25	3,030.2
07-6	Insurance and Risk Management	5.29	328.8	5.29	349.6	5.29	358.4	5.20	362.5	5.20	396.9
07-7	Treasury Board Secretariat	65.00	4,266.7	65.00	4,663.1	66.00	4,789.8	66.00	4,667.8	66.00	5,036.0
07-8	Consumer and Corporate Affairs	115.01	8,169.3	121.51	8,188.2	123.51	8,482.2	122.01	8,374.4	125.01	8,748.1
07-9	Amortization and Other Costs Related to Capital Assets		888.2		1,013.2		1,074.4		2,414.5		4,020.2
Total Departmental Operating Appropriations		544.72	49,665.7	563.72	40,783.7	570.22	42,785.3	564.73	49,249.7	567.73	48,791.8
07-10	Net Tax Credit Payments		56,721.2		51,121.2		52,646.7		50,671.3		48,867.2
07-11	Public Debt (Statutory)		465,322.0		510,722.7		394,841.8		321,419.5		310,581.9
Total Appropriations		544.72	571,708.9	563.72	602,627.6	570.22	490,273.8	564.73	421,340.5	567.73	408,240.9

* Actual expenditures have been adjusted for comparative purposes. Adjustments are for: i) the transfer of the French Language Services Secretariat from Transportation and Government Services to the Administration and Finance Division, ii) the transfer of the Education Property Tax Credit to Education and Youth, iii) the transfer of Labour Relations from the Civil Service Commission to Treasury Board Secretariat, iv) the transfer of Legislative Building Information Systems, Enterprise System Management, Office of Information Technology and related Amortization and Other Costs Related to Capital Assets to Energy, Science and Technology, v) the transfer of Consumer and Corporate Affairs to Finance and vi) an adjustment for interest expense on capital assets.